



# Sustainability Report 2021





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Alexandre Magnani  
Chief Executive Officer of PagBank PagSeguro



Ricardo Dutra  
Chief Executive Officer of UOL Group



Artur Schunck  
Chief Financial Officer of PagBank PagSeguro

## Letter from Management

[ 102-12 | 102-14 ]

Despite the unstable and uncertain trends in Brazilian and global macroeconomic conditions, the year 2021 fueled PagBank PagSeguro business consolidation in payments and financial services. We reached important milestones in our journey, such as the increase in the total payment volume (TPV), which almost doubled compared with 2020, considering PagBank and PagSeguro TPVs.

This was driven by our focus on disrupting and democratizing access to financial services and payment solutions in Brazil and on the five pillars that guide our corporate strategy and daily operations: (i) sustainable growth in payments, (ii) diversification of revenue streams through PagBank, (iii) innovation and improvement of user experience through a twosided ecosystem, (iv) 360° focus on data security and privacy, (v) and talent development and retention.

The ongoing tech disruption across several sectors, further boosted by the pandemic, was also seen in our company. With emphasis on continuous improvement and innovation as a key factor in our decisions, we have noticed an increase in the digitalization of financial transactions especially driven by the usage of digital accounts, cards spending and Pix, the Brazilian P2P/P2B instant payments rail. For us, digitalization is an important factor in fostering inclusion and empowerment with direct positive social and environmental impacts.

Furthermore, during the year, and in contrast with 2020 and 2021 market trends, we increased the number of new hires and we made great efforts to retain people from the technology teams, as these are much sought after professionals in the market today. It should be noted that despite the number of new hires at PagBank PagSeguro having more than doubled over the last three years, we continue to be extremely efficient.

We recently conducted our first Materiality Survey and Assessment which publicly consulted 413 of our key internal and external stakeholders, ensuring greater knowledge to plan our next steps. Of the seven material topics listed, the top three are Data Security and Privacy, Talent Attraction and Retention, and Business Ethics.

We constantly invest in tools and processes that meet the highest standards for information security and data privacy. We have, for example, an automated process to keep the quality of customer information security and we fully comply with the Brazilian General Data Protection Law (GDPL).

In the area of social responsibility, our natural calling - and where we have the greatest impact and relevance - is through our products and services, since we continue to democratize access to financial services in a simple, efficient, and safe way for small and micro-entrepreneurs.

It is also important to emphasize our solid expertise in logistics, with POS delivery to our customers in record time, as well as the critical reverse logistics process, with the recycling of these items, streamlining replacement, repair, or maintenance, when necessary.

Another important milestone, which reinforces the commitment of our Board of Directors and Executive Board to ESG goals, was the development and auditing of the Inventory of Greenhouse Gas (GHG) Emissions, which helps us to set goals for impact reduction and environmental compensation, in addition to joining the United Nations Global Compact, the world's largest voluntary corporate sustainability initiative.

The outlook remains positive for the coming years, despite challenging trends in the global economy, and we will continue to consolidate and expand our presence in the Brazilian market, aiming to do so in a sustainable and profitable way, introducing new products and services. This was already the case for 2022, when we reached significant milestones for the company, such as 26 million PagBank clients, almost R\$20 billion in deposits and the milestone of more than R\$1 trillion of financial transactions processed over the course of our history.

For the coming years, we will remain committed to our goals and ESG policies and strategies, focusing on innovation with positive impact, promoting diversity and inclusion, and seeking to tie compensation goals to ESG objectives. We are aware of the role of sustainability in business in the long term and are committed to generating solid returns for society, in line with the new economy.

We are proud to present in this Sustainability Report the main highlights and opportunities for PagBank PagSeguro in 2021. We will continue with our mission of democratizing access to financial services and means of payment, always in a simple and secure way, providing greater financial inclusion in Brazil.

Enjoy your reading!  
*PagBank PagSeguro*



# 1. PagBank PagSeguro



# PagBank PagSeguro

## Mission

Disrupt and democratize access to financial services and payment solutions in Brazil, providing a simple, secure, affordable, and digital ecosystem to merchants and consumers.

## Values

- **All for the customer:** we make life easier for our customers by democratizing access to financial services in a simple and secure way.

- **Ownership:** we take responsibility, focus on delivery, act with a sense of urgency, and make things happen.
- **Cooperation:** we welcome all new joiners, sharing knowledge, valuing diversity of opinion, and working together to create value for our customers and investors.
- **Innovation:** we use innovation as fuel to do things differently and go beyond the mainstream, we are not afraid to dare, err, or challenge ourselves because our work is based on a consistent assessment of risks.
- **Ethics:** we uphold integrity in our relationships and act in a serious and honest manner, always based on truth, justice, and the common good, thereby reinforcing our credibility in the market.
- **Sustainable results:** we believe in continuous business growth, making the best decisions without compromising medium- and long-term results.

## Our Business

In the industry, PagBank PagSeguro is the only financial technology group in Brazil whose business model comprises the following six pillars:

- Complete face-to-face, online, and omni-channel payment solutions
- Operation as acquirer for cards, Pix, bank slips (*boletos*), QR Codes, and cross-border transactions;
- Complete digital bank with no-fee account, yielding more than savings accounts, and credit offer;
- Issuance of credit, debit, and prepaid cards;
- Super app with top-up, public transportation, and shopping features;
- Complete investment platform with multiple product and asset classes, exclusive insurance product offerings.



# History

[102-1; 102-7; 102-45]

Created to democratize financial services in Brazil and promote innovative solutions, PagBank PagSeguro currently has nearly 26 million clients.

Operating in Brazil since 2006, today, PagBank PagSeguro acts as an acquirer and issuer of cards and provides complete solutions for online and in-person payments (with a diverse portfolio of POS) with the widest variety of payment methods, such as credit, debit, and meal cards, having the largest acceptance network in Brazil, with 7.7 million active merchants by the end of December 2021.

Because of such success in recent years PagBank was created in 2019 to democratize banking services, creating conveniences such free International credit card, cell phone top-up, payroll portability, transfers, payments, and loans at more competitive interest rates than those in the market.

The company is regulated by the Brazilian Central Bank as a payment and electronic money issuing institution and acquirer, and has partnerships with the main card brands. Its parent company, PagSeguro Digital Ltd, has been publicly traded in the US (NYSE: PAYS) since January 2018 and is regulated by the Securities and Exchange Commission (SEC).

In December 2021, the company had 6,751 employees. It has in its DNA the focus on innovation, creation of scalable products, and massive financial inclusion, even with an extremely lean corporate structure when compared with other financial institutions.

The headquarters of PagSeguro Brazil, a subsidiary of our holding company PagSeguro Digital Ltd, is in the city of São Paulo, but its operations span 100% of the Brazilian territory across its more than 5,500 cities. The company's main mission is to disrupt and democratize access to financial services and payment solutions in Brazil, providing a simple, secure, affordable, and digital ecosystem to merchants and consumers. [102-6]



PPagBank PagSeguro customers are companies of all types and sizes from individual entrepreneurs, micro merchants, and small businesses such as street vendors and beauty salons, to medium-sized companies in retail and other sectors as well as PagBank's digital account customers. It also has a growing presence in different retail and service segments and offers specific products for beauty care professionals, self-employed professionals and individual micro entrepreneurs (MEI), drivers and taxi drivers, lawyers, physicians and dentists, shops and brick-and-mortar stores, restaurants, bars, and snack bars. PagBank PagSeguro also offers several value-added services, such as PagVendas, ClubPag, Concil, and EnvioFacil to help the day-to-day operations of its customers and partners.

Since the beginning of its operations, PagBank PagSeguro has followed initiatives for the development of an environment that is open to competition in the financial and digital means of payment sectors. The company is a member of several associations, such as ABRANET (Brazilian Internet Association), ABECS (Brazilian

Association of Credit Card and Service Companies), ABBC (Brazilian Association of Banks), and ANBIMA (Brazilian Association of Financial and Capital Market Institutions). [102-13]

The company has the Women on Board (WOB) seal, an independent, non-profit initiative that recognizes companies that have at least two women on their Board of Directors. In addition, it is a signatory to the United Nations Global Compact, the world's largest voluntary corporate sustainability initiative, and of the Women Empowerment Principles (WEPs).

## Awards and Recognition

Ano	Prêmio
2021	PagBank is one of the best banks in Brazil - World's Best Banks 2021 - PagBank ranked fourth.
	PagBank PagSeguro won as best in Brazil in the "Merchant Acquiring" category of the iBest 2021 Award, receiving recognition from both the People's jury and the Academy jury.
	PagSeguro was listed among the most valuable brands of 2021 by Interbrand (22nd position, valued at R\$570 million).
	PagBank PagSeguro won the 2021 ReclameAQUI Award, in the "Electronic Payments" category.
	Latin America Executive Team/Best IR by Team Institutional Investor - July 2021.
	PagBank PagSeguro was the new banking brand with the highest ranking in 2021, placing 20th in Brand Finance 2021.

Ano	Prêmio
2022	PagBank ranked third in the "Bank of Companies that Provided the Best Services to Society in 2021" category, by Estadão.
	PagBank PagSeguro is the second largest POS company in Brazil, according to a survey by UBS Evidence Lab.
	PagBank PagSeguro ranked fourth in the "Fintech" category, of the IBest 2021 award (as one of the 10 best Fintechs).
	2022 Latin America Executive Team PagBank PagSeguro earned the distinction of "Most Honored Company."
	Best CEO - Ricardo Dutra
	Best CFO - Artur Schunck
	Best IR Professional - Éric Oliveira
	Best IR Team
	Best IR Program
	Best ESG
Best Analyst Day	
Better Crisis Management (COVID-19)	
PagSeguro won first place in the Folha Top of Mind Award in the "Payment POS" category	
PagBank is among the Best Companies in Customer Satisfaction in the "Digital Banking" category, according to Instituto MESC.	





## Performance in 2021

In 2021, the company's overall performance was impressive, with very positive results. With assertiveness and broad experience, PagBank PagSeguro remains a competitive and profitable company, despite the challenges posed by the pandemic and the Brazilian economy.

The company advanced the pursuit of its main goal: to offer the best solutions and services to customers who previously could not even imagine having a bank account and access to POS terminal services. This is a very strong trait in PagBank PagSeguro's DNA and an incentive to the formalization of microentrepreneurs, generating employment and income and promoting financial inclusion in Brazil.

It should be noted that, throughout last year, the company reached the 40% customer formalization milestone.

### 2021 Main Highlights:

**21.9 million**  
PagBank clients

**R\$10.4 billion**  
Total Revenue and Income

**R\$ 456.2 billion**  
Total Payment Volume (TPV)

**R\$ 2.6 billion**  
Adjusted EBITDA

**7.7 million**  
Active Merchants

**R\$ 8.8 billion**  
Total Deposits

**R\$ 1.9 billion**  
Credit Portfolio

**R\$ 1.2 billion**  
Net Income (GAAP)

**R\$ 1.4 billion**  
Net Income (Non-GAAP)

**40% of formalization**  
ratio of new entrepreneurs



# Products and Services

[102-2]

PagBank PagSeguro offers innovative solutions in financial services and more than 25 payment methods, automating the buying, selling and transfer processes to leverage the businesses of individuals and companies in a simple and secure way.

The company has a complete portfolio of online and offline payment products, in addition to a digital account without unreasonable fees that includes wire transfer services, Pix, prepaid cell phone top-up, bill payment, automatic debit, direct debit, bill scheduling, tax collection, partners (Uber, Google Play, Spotify, iFood, PlayStation, Xbox, Steam, TikTok, Minecraft, and others), marketplace with more than 80 stores, complete portfolio of cards, loans, investments, insurance, payments via QR Code and payroll portability, among other digital banking services.

It operates on two fronts that cater to individual and corporate customers: (1) the first with a focus on buyers and sellers, offers financial solutions and digital banking, including digital accounts, cards, investments, payroll portability, wire transfer services, Pix, cell phone top-up, among others and (2) the other focuses on micro-entrepreneurs and small and medium-sized enterprises and offers payment solutions, both online (payment links, checkouts, and application programming interfaces - APIs) and on-site sales (the best and most complete portfolio of terminals), Pinpads (card readers), and integrated solutions (such as smart terminals).

[102-6]

In the investment area, PagBank offers several options, such as certificates of deposits (CDs), investment funds, Brazilian Treasury Bonds, and variable income, customizing products for each customer profile.

PagBank's free digital account centralizes all cash-out options, functionalities, and services in a single ecosystem, so that customers can expand their business in a secure, affordable, and simple way. The digital account has a 100% online onboarding process, with no red tape, fast turnaround, and high acceptance rate.

The company also markets point-of-sales (POS) for debit, credit, prepaid, vouchers cards and pix (the main one is Moderninha, but there are several other types of POS terminals).

PagBank also created a campaign to promote the high-yield checking account (conta rendeira), showing how it yields more than savings accounts (poupaça), without the customer having to do anything. The campaign had two creative approaches, each featuring a different celebrity: Alessandra Negrini and Luisa Arraes.

After structuring new marketing channels during the year, an automated sales bot was implemented directly on WhatsApp, allowing us to streamline customer service and address concerns in a highly scalable manner. [103-417]

Currently, PagBank PagSeguro's main products and services are broken down into the following categories:





### Cash-In Solutions:

- Payment solutions are performed via web checkout, app checkout, or in person using POS devices. These solutions include credit and debit cards, meal vouchers, bank slips (*boletos*), bank transfers and bank debits;
- Pix, the Brazilian P2P/P2B instant payments rail;
- Payroll portability allows consumers to have their salary deposited directly into PagBank's free digital account;
- ACH and wire transfers;
- Issuance of bank slips (*boletos*) that can be paid online or at any bank branch;
- Credit Products;
- Investments, with a wide range of products for different types of investors and a digital account that yields more than savings when the balance is held for at least 30 days.

### Prepayment and Instant Settlement Offerings:

Instant settlement allows retailers to offer their customers the option of credit card payments in installments, without affecting their own cash flow. Besides generating financial revenue for the company, this is an important source of working capital for merchants, in particular for Micro and Small Merchants and SMEs (Small and Medium Enterprises), who may not have proper access to capital from traditional banks or financial institutions. With instant settlement for merchants, a pioneer product developed by PagBank PagSeguro, this form of working capital is even more useful for small merchants and entrepreneurs working continuously.

### Advanced Integrated Features and Value-added Services:

PagBank's digital account comes with a number of free advanced integrated functionalities, as well as value-added services and features designed to help consumers and merchants, such as:

- 24/7 customer care center;
- **Concil:** Cash and Cards reconciliation services;
- **PagVendas:** Enterprise Resource Planning (ERP) and business management;
- **ClubPag:** Customer Relationship Management (CRM) and Loyalty program;
- **EnvioFácil:** Shipping and delivery services for online sellers;
- **Yamí:** split payments for online sellers.

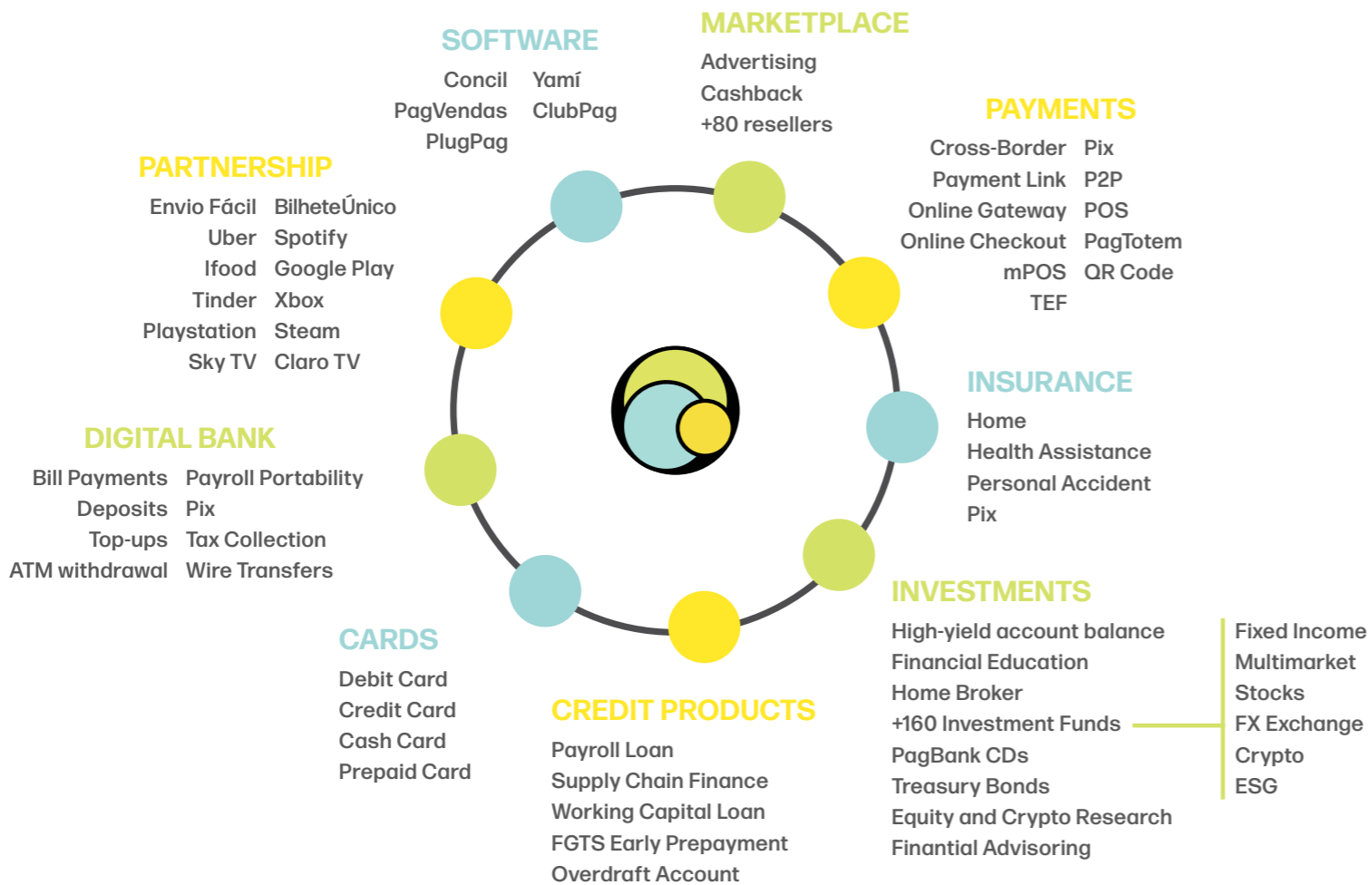
### Cash-out Solutions:

- Online shopping via eWallet;
- PagBank cards spending and withdrawals;
- Pix, the Brazilian P2P/P2B instant payments rail;
- ACH and wire transfers;
- Cross-border transactions (CBT);
- Bill Payments;
- Top-ups for mobile phones, Uber, Spotify, Google Play, among others.

As for the company's marketing actions, the results are evaluated by the internal areas themselves. The activities are always analyzed considering online media conversion, when campaigns are tied to goals for sale of terminals or opening of accounts. The company uses renowned web and mobile analytics platforms to relate the result of its investments to the corresponding marketing channels. [103-417, 417-1]



# One-stop-shop: Payments, VAS<sup>1</sup> and Financial Services



<sup>1</sup> Value-added Services.



## PagSeguro

**Our Products:** We offer a simple, safe, digital, and accessible solution through 1 app, 1 platform and 1 customer service. In the Payments Platform, we offer a complete product portfolio and value-added services, with payments options for offline, online, omnichannel and best-in-class technology for a more efficient business management. Our clients have the option to receive their sales by cards in an automatic and instant way, 24 hours per day, any day of the week, including weekends and holidays. Besides the Payments solutions, our merchants can count on PagBank, PagSeguro complete digital bank..

**In-Store Payments:** Complete and diverse portfolio for every merchants profile, which includes mPOS, POS, Smart POS and PagTotem.

**Online Payments:** complete and diverse portfolio, of which we highlight:

- **Checkout/Gateway:** with integration between shopping cart and merchant's ecommerce;
- **Payment Link:** easy and fast payment without relying on websites or POSs;
- **EnvioFácil:** safer, quicker, and cheaper products shipping service; and
- **Cross-border:** focused on gaming, software and digital payments in Europe and Latin America.

### Value-added Services:

- **Concil:** bank reconciliation with cash management and forecast;
- **PagVendas:** software for business management;
- **ClubPag:** loyalty program, with emphasis on customer retention and engagement;
- **PlugPag:** POS connection to the merchant's software; and
- **TEF:** cash management, invoice issuance and cell phones & tablets integration.

## PagBank

**Our products:** We offer a simple, safe, digital, and accessible solution through 1 app, 1 platform and 1 customer service. In Financial Services, we already have a broad product portfolio, in constant evolution for transactional services, partnerships focused from younger to older public, different cards options, credit products, an investment platform totally integrated to our app and an insurance offer through partners.

**Day-to-day Banking:** our clients can do deposits, Pix, bill payments, tax collection, comprehensive set of top-ups for mobile phones, pay-TV, among others.

**Partnerships:** our clients can use their balance account to purchase credits for services widely used by Brazilian, such as Bilhete Unico, Uber, Spotify, iFood, Google Play, Tinder, Xbox, Playstation, Steam, Sky TV e Claro TV.

**Cards:** we offer debit, credit, prepaid and cash cards

**Credit:** payroll loan for public employees, FGTS Early Prepayment, Working Capital for merchants, Overdraft Account and Supply Chain Finance.

### Investment:

- **High yield account balance:** the digital account that yields more than "Poupança" (savings account);
- **Financial Education:** cooperating to the financial development of our clients;
- **Fixed Income:** the best CDs in the market issued by PagBank and treasury bonds;
- **Variable Income:** stocks, real estate and BDRs;
- **Investment Funds:** opportunities starting at R\$ 1,00;
- **Analysis:** with morning call, technical analysis, and proprietary content (stocks/crypto);
- **Financial Advisory:** a highly prepared team;
- **Automatic saving:** solution in which merchants choose a percentage of their sales to be automatically invested in PagBank's CDs

### Insurance:

- **Pix:** safe transactions, besides access to Coursera (training platform) and up to R\$30,000 prizes;
- **Home:** available for own and rented residences with different plans;
- **Personal Accident:** extensive coverage in case of death and reimbursement of expenses due to accidents;
- **Health Assistance:** unlimited appointment and up to 4 dependents with no additional cost.





# 2.

## About this Report

[102-32]



# About this Report

[102-32]

PagBank PagSeguro proudly presents, for the second consecutive year, its Sustainability Report, containing the company's main highlights and actions during 2021. The document was prepared based on the GRI 101 standards: Foundations 2016, using the set of indicators listed in the GRI Content Index section. [102-54]

Approved by the ESG Committee which reports to the company's Board of Directors, this report contains economic-financial, environmental, social, and governance information for the reporting period from January 1 to December 31, 2021.

In addition to presenting the new Materiality Matrix and issues such as Corporate Governance and Risk Management, this report is divided into sections: Financial Capital, Intellectual Capital, Human Capital, Natural Capital, and Social and Relationship Capital.





# 3. Materiality





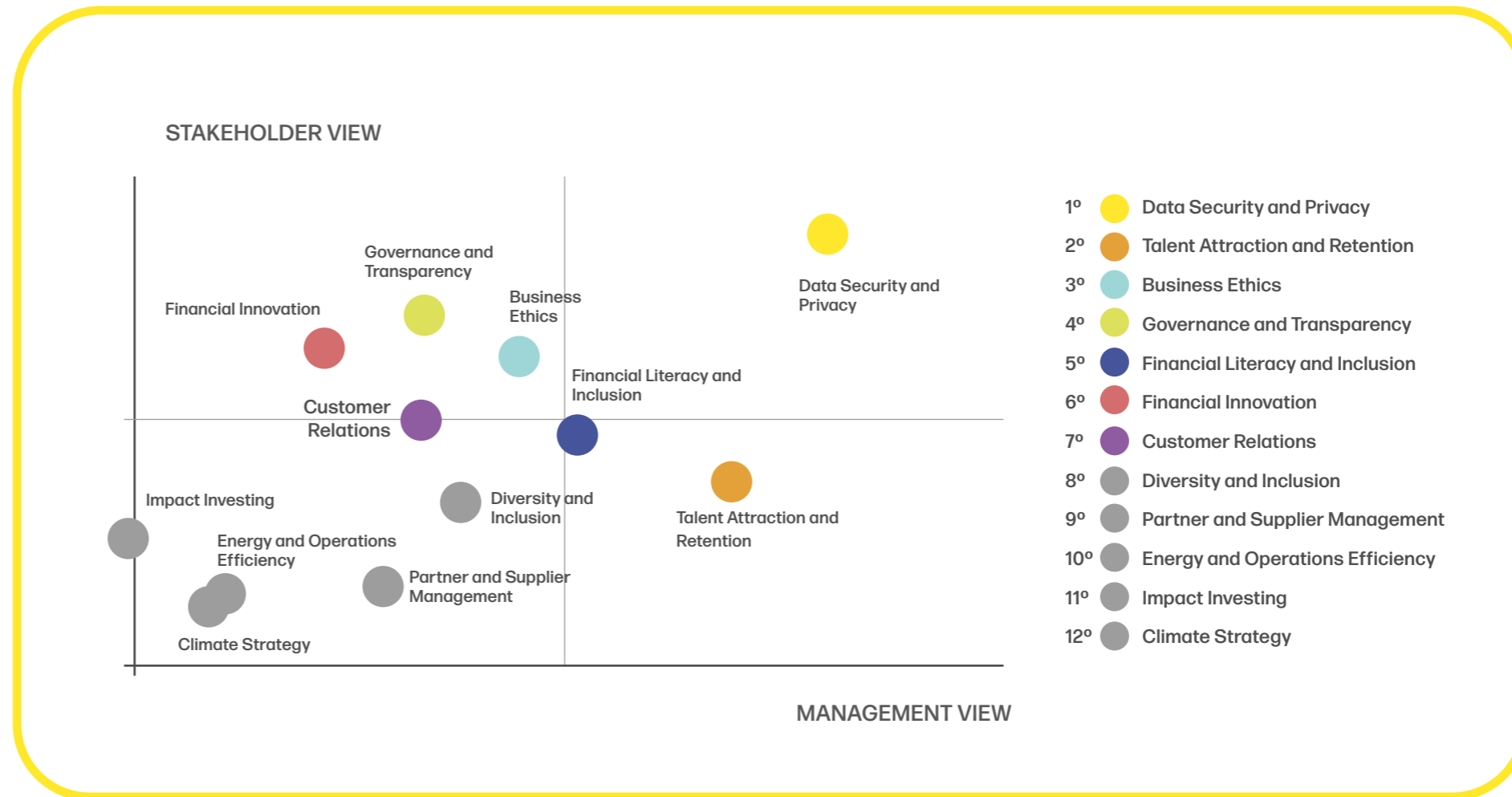
# Materiality Matrix

[102-40, 102-42, 102-43, 102-44, 102-46, 102-47, 103-1]

After consulting with the company's main stakeholders - employees, vendors, non-governmental organizations, investors, customers, and regulatory agencies - a new Materiality Matrix was defined, which covers the main topics guiding PagBank PagSeguro's performance.

As a process to determine and understand the main issues and impacts related to the business and operation of a company, materiality is established after an in-depth market analysis and survey conducted with all stakeholders of PagBank PagSeguro.

In the current materiality matrix, seven priority topics were selected from the 12 topics cited by the stakeholders. They are, in order of significance: Data security and privacy, talent attraction and retention, business ethics, governance and transparency, education and financial inclusion, financial innovation, and customer relations.



## Sustainable Development Goals (SDG)




When analyzing the material topics identified in the Materiality Matrix, it was verified that they adhere to the Sustainable Development Goals (SDGs), defined by the UN Member States in 2015.

The 17 SDGs contain ambitious, interconnected targets relating to the main development challenges currently faced by people, governments, and businesses in Brazil and across the world. They are a global call-to-action to end poverty, protect the environment and the climate, and ensure that people everywhere can enjoy peace and prosperity.




The following table shows the correlation between PagBank PagSeguro's material topics, the SDGs, and their respective goals related to the 2030 Agenda in Brazil.





SDG	Target	Indicator
Talent Attraction and Retention		
	4.3 - By 2030, ensure equal access for all women and men (of all races, income, territories, among others) to affordable and quality technical, vocational and tertiary education, including university	4.3.1 - Participation rate of youth and adults in formal and non-formal education and training in the previous 12 months, by sex
	4.4 - By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship	4.4.1 - Proportion of youth and adults with information and communications technology (ICT) skills, by type of skill
	5.5 - Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life, considering the intersections with race, ethnicity, age, disability, sexual orientation, gender identity, territoriality, culture, religion, and nationality, especially for women in rural areas, forests, waters, and city outskirts	5.5.2 - Proportion of women in managerial positions
	5.5 - Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels - in the intersections with race, ethnicity, age, disability, sexual orientation, gender identity, territoriality, culture, religion, and nationality, especially for women in rural areas, forests, waters, and city outskirts.	5.c.1 - Proportion of countries with systems to track and make public allocations for gender equality and women's empowerment
	8.5 - By 2030, reduce by 40% the unemployment rate and other forms of labor force underutilization, ensuring decent work, with an emphasis on equal pay for work of equal value	8.5.1 - Average hourly earnings of employees, by sex, age, occupation and persons with disabilities  8.5.2 - Unemployment rate, by sex, age and persons with disabilities
	10.4 - Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality.	10.4.1 - Labor share of GDP, including wages and social protection transfers
	16.b Promote and enforce non-discriminatory laws and policies for sustainable development	16.b.1 - Proportion of population reporting having personally felt discriminated against or harassed in the previous 12 months on the basis of a ground of discrimination prohibited under international human rights law



SDG	Target	Indicator
Financial Literacy and Inclusion		
	4.4 - By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship	4.4.1 - Proportion of youth and adults with information and communications technology (ICT) skills, by type of skill
	5.a - Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, through credit policies, professional training, technical assistance, land reform and housing, among others, especially for women in rural areas, forests, waters, and city outskirts	5.5.2 - Proportion of women in managerial positions
	5.b.1br - Ensure gender equality in access, use skills, and production of information and communication technologies, considering the intersections with race, ethnicity, age, disability, sexual orientation, gender identity, territoriality, culture, religion, and nationality, especially for women in rural areas, forests, waters, and city outskirts	
	10.2 - By 2030, empower and promote the social, economic and political inclusion of all, in order to reduce inequalities, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status	10.2.1 - Proportion of people living below 50 per cent of median income, by sex, age and persons with disabilities
	8.3 - Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises	8.3.1 - Proportion of informal employment (Non-Agriculture) in total employment, by sex
	8.10 - Sustainably expand access to banking and financial services for all	8.10.1 - (a) Number of commercial bank branches per 100,000 adults and (b) number of automated teller machines (ATMs) per 100,000 adults 8.10.2 - Proportion of adults (15 years and older) with an account at a bank or other financial institution or with a mobile-money-service provider
	9.2 By 2030, promote inclusive and sustainable economic activity and highly technologically complex activities, with a focus on increasing productivity, employment, and GDP, improving working conditions and appropriation of the resulting productivity gains	9.2.1 - Manufacturing value added as a proportion of GDP and per capita 9.2.2 - Manufacturing employment as a proportion of total employment



SDG	Target	Indicator	
<b>Business Ethics</b>			
	16.5 - Substantially reduce corruption and bribery in all their forms	16.5.1 - Proportion of persons who had at least one contact with a public official and who paid a bribe to a public official, or were asked for a bribe by those public officials, during the previous 12 months	16.5.1 - Proportion of businesses that had at least one contact with a public official and that paid a bribe to a public official, or were asked for a bribe by those public officials during the previous 12 months
<b>Governance and Transparency</b>			
	16.6 - Develop effective, accountable and transparent institutions at all levels	16.6.1 - Primary government expenditures as a proportion of original approved budget, by sector (or by budget codes or similar)	
	16.7 - Ensure responsive, inclusive, participatory and representative decision-making at all levels	16.7.1 - Proportions of positions in national and local institutions, including (a) the legislatures; (b) the public service; and (c) the judiciary, compared to national distributions, by sex, age, persons with disabilities and population groups	16.7.2 - Proportion of population who believe decision-making is inclusive and responsive, by sex, age, disability and population group
<b>Financial Innovation</b>			
	8.2 - Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labor-intensive sectors	8.2.1 - Annual growth rate of real GDP per employed person	

SDG	Target	Indicator	
Financial Innovation			
	9.3 - Increase the access to and reduce the bureaucracy of small-scale industrial and other enterprises to financial services, including affordable credit, through innovative technological solutions, and their integration into value chains and markets	9.3.1 - Proportion of small-scale industries in total industry value added	9.3.2 - Proportion of small-scale industries with a loan or line of credit
Data Security and Privacy			
	16.6 - Develop effective, accountable and transparent institutions at all levels	16.6.2 - Proportion of population satisfied with their last experience of public services	
Data Security and Privacy			
	8.2 - Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labor-intensive sectors	8.2.1 - Annual growth rate of real GDP per employed person	
	17.8 - Fully operationalize the technology bank and science, technology and innovation capacity-building mechanism for least developed countries by 2017 and enhance the use of enabling technology	17.8.1 - Proportion of individuals using the Internet	

Since 2021, the company has been a signatory to the United Nations Global Compact, launched in 2000 as a call-to-action for companies to align their strategies and operations with the 10 Universal Principles in the areas of Human Rights, Labor, Environment, and Anti-Corruption, and to develop actions that contribute to meeting the challenges faced by society. It is currently the world's largest corporate sustainability initiative, with more than 16,000 members, among companies and organizations, distributed across 69 local networks, covering 160 countries.





# 4.

## Corporate Governance



# Governance Structure

[ 102-18 ]

PagBank PagSeguro has a robust Corporate Governance Policy in place that guides the company's entire operation and its strategic planning. Approved by senior management, this policy is based on five pillars: Equity, Transparency, Accountability, Corporate Governance, and Corporate Responsibility.

The objectives of each of these pillars are presented below, highlighting Corporate Responsibility, which deals with the company's economic-financial viability in addressing important topics such as long-term business sustainability, creation of shared value, and benefits to society.

[ 102-18 | 102-19 | 102-22 | 102-23 | 102-26 | 102-27 ]



## Equity

Give fair and equal treatment to all partners and other stakeholders, respecting their rights and duties..

## Transparency

Provide stakeholders with information of their interest in a clear manner, (in addition to information required by regulators).

## Accountability

Disclose the company's information in a clear and concise manner, assuming responsibility for its actions and omissions, always acting with diligence and responsibility in performing its roles.

## Corporate Governance

Set of laws, regulations, policies, and processes that govern how the company should be managed, respecting the relationship with its stakeholders.

## Corporate Responsibility

Ensure the economic and financial viability of the company.

## Board of Directors

Responsible for evaluating the strategy and general policies of the business, including the company’s mission, vision, and values, the role of PagBank PagSeguro’s Board of Directors is to oversee management, elect and remove officers, and appoint independent auditors. The Board also evaluates economic, environmental, and social topics.

It is composed of seven members, three of whom are independent members in line with criteria of the Securities and Exchange Commission (SEC) and the New York Stock Exchange (NYSE). Each board member holds office until their resignation or removal (or for the term set out by a resolution of the shareholders that appointed them, if any), i.e., the appointed members remain in office until the next annual general meeting. [102-24]

In 2020, the company was recognized by WOB (Women on Board), a non-governmental and non-profit organization supported by UN Women and Brazil Global Compact, for having a diverse Board with more than two women as board members (Maria Judith de Brito, Noemia Gushiken, and Marcia Nogueira de Mello). The current Chairman of the Board is Luis Frias, who also acts as the company’s main executive.

It is important to mention that this Sustainability and ESG study and recommendations of PagBank PagSeguro was presented to and discussed with the Board. The Board meets regularly to address the company’s main issues and concerns. [102-33]

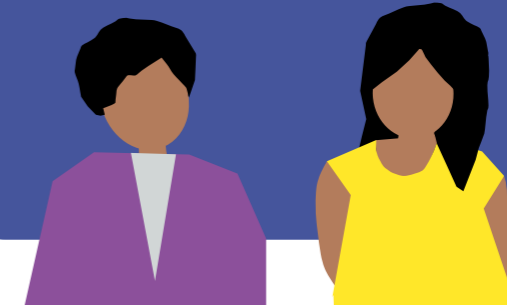
Check our public Corporate Governance policies:



- **Code of Ethics and Conduct | Mobbing and Sexual Harassment**
- **Code of Ethics and Conduct | UOL Group**
- **Operational Risk Management Policy | Group**
- **Corporate Governance Policy | Group**

**43% of the Board Members are independent**

**43% of the Board Members are women (WOB)**





## Composition of the Board of Directors 2021

**Luis Frias**  
Chairman of the Board

**Eduardo Alcaro**  
Vice Chairman

**Maria Judith de Brito**  
Board Member

**Ricardo Dutra da Silva**  
Board Member








**Noemia Gushiken**  
Independent Board Member

**Cleveland Prates Teixeira**  
Independent Board Member

**Marcia Nogueira de Mello**  
Independent Board Member

In addition to the Board of Directors, the company has executive committees in place for specific topics. In this way, it is possible to ensure that the strategies defined are in line with the risks identified and the applicable legislation.

These committees, listed below, advise the Board of Directors and the Executive Board in their areas of expertise. [102-20]

						
<b>ESG</b>	<b>Information Security and Data Governance</b>	<b>Audit</b>	<b>Credit, Risk, and Liquidity</b>	<b>Remuneration</b>	<b>Corporate Governance</b>	<b>Finance</b>
7 members	11 members	3 members	9 members	3 members	7 members	7 members
monthly	every two months	monthly	weekly	monthly	every two months	monthly





### Composition of the Audit Committee

[102-22]

**Noemia Gushiken**  
Chairwoman

**Cleaveland Prates Teixeira**  
Member

**Marcia Nogueira de Mello**  
Member



### Composition of the Credit, Risk, and Liquidity Committee

**Adriana Garbim**  
Head of Corporate Sales

**Alexandre Magnani**  
Chief Executive Officer

**Andressa Moreira Martins de Moura**  
General Manager of Risk and Compliance

**Artur Gaulke Schunck**  
Chief Financial Officer

**Carol Corvalan**  
Head of Retail Sales

**Fabiana Maranhão Alves**  
Credit Committee Coordinator

**Fabio Herszkowicz**  
Head of Financial Services

**Guilherme Okamoto**  
General Manager - Credit

**Sadami Ikegami**  
Chief Risk Officer



### Composition of the Finance Committee

**Andressa Moreira Martins de Moura**  
General Manager of Risk and Compliance

**Artur Gaulke Schunck**  
Chief Financial Officer

**Ezequiel Henrique Vianna**  
Head of Strategic Planning

**Judith de Brito**  
Corporate Vice President

**Leandro Roberto Rodrigues**  
Head of Treasury

**Victoria Rozsavolgyi Bortolin**  
Head of Corporate, M&A, and Tax

**Wilson Gomes de Lima**  
Head of Controllership



### Composition of the Corporate Governance Committee

**Alexandre Magnani**  
Chief Executive Officer

**Andressa Moreira Martins de Moura**  
General Manager of Risk and Compliance - Committee coordinator

**Artur Gaulke Schunck**  
Chief Financial Officer

**Cesar Augusto Felix Leite**  
Chief Technology Officer

**Leandro Roberto Rodrigues**  
Head of Treasury

**Sadami Ikegami**  
Chief Risk Officer

**Victoria Rozsavolgyi Bortolin**  
Head of Legal (Corporate, M&A and Tax)





### Composition of the Information Security and Data Governance Committee

**Andressa Moreira Martins de Moura**  
Risk and Compliance Manager

**Artur Gaulke Schunck**  
Chief Financial Officer

**Cesar Augusto Felix Leite**  
Chief Technology Officer

**Ezequiel Henrique Vianna**  
Head of Strategic Planning

**Fabiano Reis Avelar**  
Information Security Manager and Committee Coordinator

**Gustavo de Almeida Sartori**  
General Manager - Information Security

**Juliana Custódio**  
General Manager - Data

**Nadia Cei Amorim**  
Head of Fraud Prevention

**Raphael Bittencourt Simões Costa**  
Head of Technology Operations

**Sadami Ikegami**  
Chief Risk Officer

**Vagna Lidiane Santos Costa**  
Management Information Manager



### Composition of the ESG Committee

In 2021, PagBank PagSeguro hired an ESG Manager and created the ESG Committee, with the participation of the main executive officers and Board Members aiming to organize the ESG agenda and set up plans to provide improvement and transparency. As of January 2022, the committee has been meeting once a month.

**Maria Judith Brito**  
Chairwoman

**Alexandre Magnani**  
Member

**Arthur Gaulke Schunck**  
Member

**Carol Elizabeth Conway**  
Member

**Eric Krahembuhl de Oliveira**  
Member

**Ricardo Dutra da Silva**  
Member

**Victoria Rozsavolgyi Bortolin**  
Member

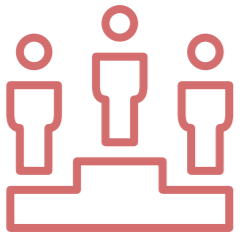
Based on Corporate Governance, at the end of 2021 the company defined its strategy for the next three years, considering the following pillars:

- Grow with payment efficiency
- Diversify revenues with PagBank
- Foster a two-sided ecosystem
- Data security and privacy

Currently, the performance evaluation of the highest governance body is conducted by external audit, internal audit, and SOx/internal controls. [102-28].



## Payments: Our Competitive Advantages



**First-mover**  
in longtail

**Brand awareness**  
in Brazil

**Fully integrated**  
**Payments + Banking**  
**platform**

**UOL reach Online**  
**Distribution**  
90% of the  
Brazilian internet  
audience

**Tech-DNA**

# Risk Management

[102-15]

Totally segregated from the company's operational area, PagBank PagSeguro's Risk Management and Internal Controls area operates independently, but connected to all areas of the company. It is responsible for implementing and maintaining the procedures listed in the Policy on Internal Controls, Operational and Social and Environmental Risk Management, which establishes mechanisms to identify, assess, monitor, control, and mitigate risks.

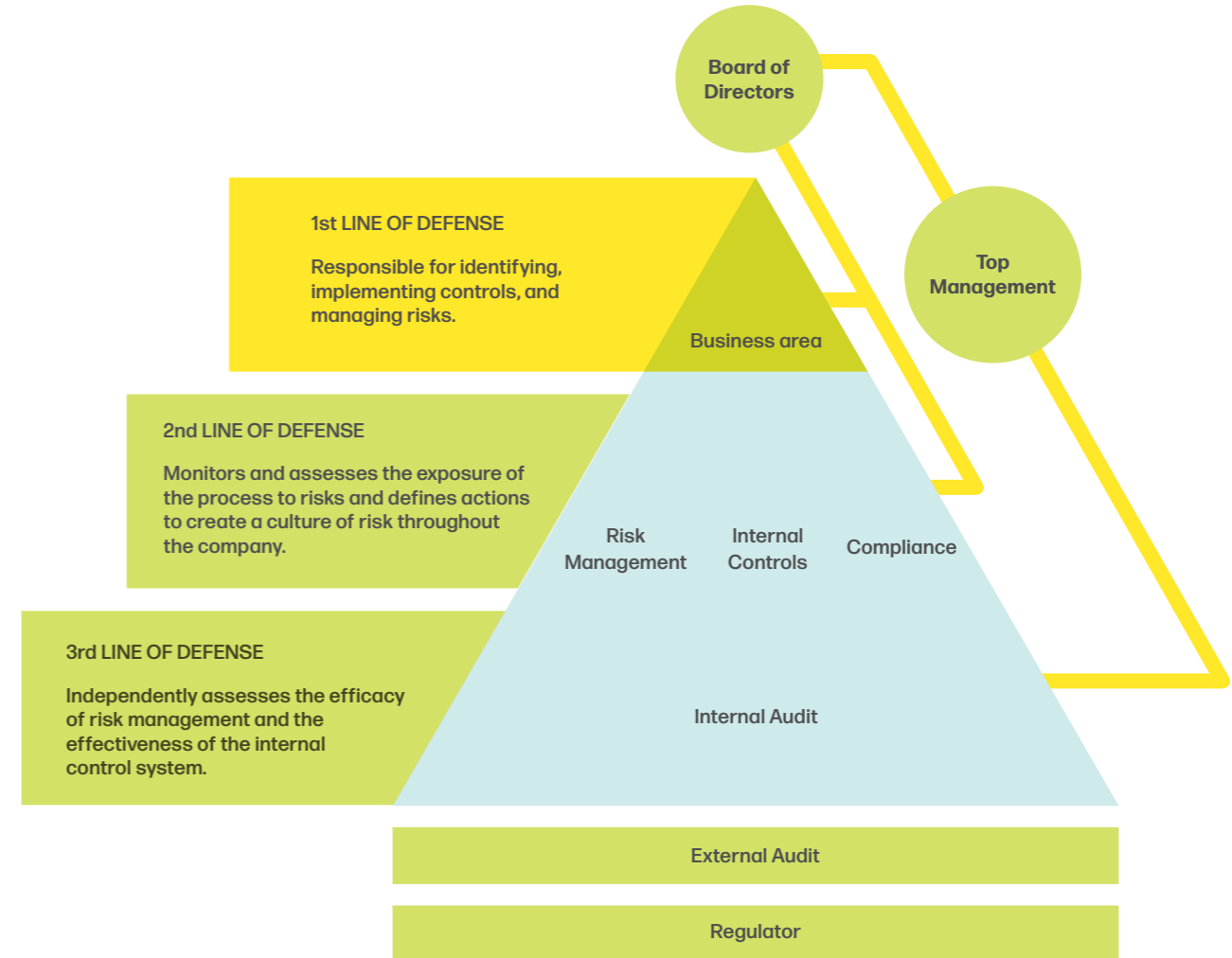
These guidelines are based on the norms in effect, including the rules and policies set out by the National Monetary Council and the Central Bank of Brazil for regulated institutions - with which the company fully complies.

PagSeguro PagBank's operating model is based on the concept of the Three Lines of Defense (as described below), in which each area acts according to its roles and responsibilities.

**1st Line of Defense:** composed of analysts and managers from the areas where the process takes place. They are responsible for identifying and implementing controls and risk management according to their activities, implementing and/or improving the necessary controls and mitigation actions.

**2nd Line of Defense:** composed of all employees from the Operational Risk, Internal Controls, and Compliance areas responsible for assisting the first line of defense in identifying and mitigating risks. This line of defense monitors and assesses exposure of processes to risk, analyzing the quality of the control environment in the 1st Line and acting in an advisory capacity, suggesting process revisions or new controls.

**3rd Line of Defense:** In this line, the Internal Audit is responsible for evaluating the elements of any line of defense, checking the effectiveness of governance, risk management, internal controls, and the achievement of the expected goals.



The main risks currently identified in PagBank PagSeguro are: [201-2]

- Unlawful conduct or harassment, discrimination, child labor, slave-like working conditions
- Financial and reputation losses due to relationships with shareholders and/or customers and suppliers with social risks related to new products
- Financial and reputation losses due to relationships with shareholders and/or customers and suppliers assisted by credit/financing/investment operations, whose activities may generate negative social and environmental impacts, adversely affecting the company's business, results, and reputation
- Weakness in management of environmental risk when approving credit in sensitive sectors, adversely affecting the company's business, results, and reputation;
- Possibility of financial losses or damage to image and reputation as a result of environmental liabilities arising from the company's activities

- Financial loss caused by natural disasters such as fires or floods, or other events such as wars, acts of terrorism, environmental accidents, widespread epidemics of infectious diseases, power outages, or interruption of communications;
- New regulations related to climate change may affect business operations and strategy;
- Losses in sensitive sectors caused by the effects of physical risks and transition risks, resulting in loss of profitability for companies exposed to such risks and impairing their ability to repay loans.

The company is in the process of assessing possible financial impacts associated with such risks and will analyze the possibility of disclosing such information in the coming years.



The Risk Management area conducts periodic operational risk analysis processes, which, based on a corporate policy, assesses climate risks (which include potential impacts). This assessment follows a methodology based on the TCFD (Task Force on Climate-related Financial Disclosures) definitions.

PagBank PagSeguro also has an Operational Risk, Internal Control, and Social and Environmental Policy (conglomerate), which is revised annually and approved by the Board of Directors. Currently, there are no specific goals for the topic, but the area's objective is to continue mapping the risks related to social, environmental, and climate issues, and to identify opportunities for improvement in order to reduce the incidence and materialization of risk, with registration in the GRC tool.

[102-9,102-15, 408-1, 409-1]

[102-11]

To manage Operational Risk, the company uses a specific four-phase methodology:

**Identification:** provides a detailed view of the area's processes and an understanding of the main characteristics of the operations. In this phase, interviews are held with managers and key employees involved in the processes, aiming to identify events that could compromise the company's operations and the controls associated with the risks.

**Analysis and Evaluation:** besides following the process step by step, in this phase analysis and implementation are conducted to identify deficiencies and conformities. Interviews are held with the area responsible for the process to gather evidence and evaluate the effectiveness of the control. The evaluation is done using a tool (risk calculator) that gauges the level of exposure to risk, based on impact and likelihood parameters.



**Response and Treatment:** formalizes the weaknesses identified in order to define the response to the risk and the action plan together with the Risks and Internal Controls area.

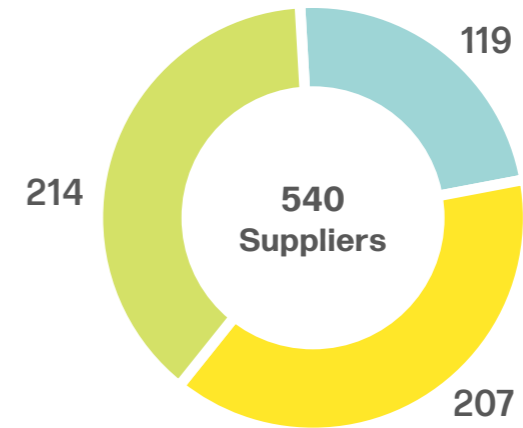
**Monitoring and Review:** in this phase, the control environment is monitored by means of risk indicators, according to the tolerance levels established.

Attentive to the sustainable development of its business, the company continuously monitors the social and environmental risk, identifying possibilities of losses due to social and environmental damage. In its risk management, social and environmental responsibility and commitment to society and the environment are guidelines that provide guidance for the company's entire operation, always in line with the principles of ethics and transparency in the internal environment and in relation to customers, partners, and suppliers.

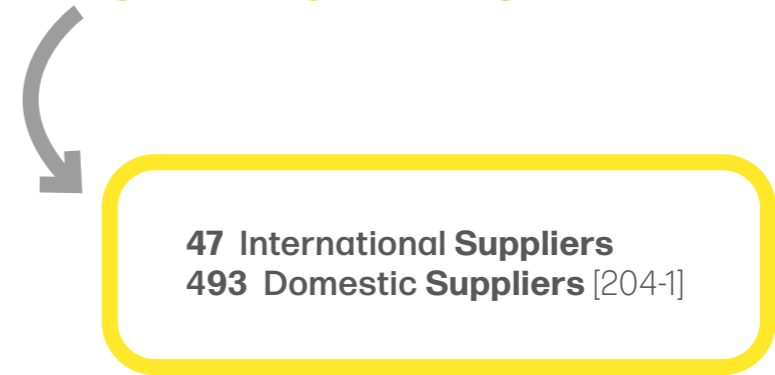
In the supplier management area, PagBank PagSeguro has its proprietary methodology for risk assessment and control. More than 90% of the company's suppliers are based in Brazil and almost 40% of the suppliers are classified as Category A Risk (lower risk).



Supplier breakdown by risk group



● Risk Group A ● Risk Group B ● Risk Group C



# Business Continuity Plan

PagBank PagSeguro has a business continuity process, based on ISO 22301, which determines an appropriate strategic, operational and business framework for re-establishing the company's capacity to supply its main products and services after a disruption, at a previously agreed upon and determined level.

**The main objectives of the Business Continuity Plan (BCP) are:**

- to proactively identify the impacts of a disruption of operations;
- to develop incident management capacity, providing effective and possible response to disruptions through an efficient testing process;
- to minimize impacts to the company and protect its key products and services;
- improve the company's self-awareness and the way it relates to organizations, regulatory agencies, government departments, and emergency services; and
- to strengthen teamwork.

The plan also has strategies and actions in place that guarantee the operation and availability of the company's essential services during an incident, until the service is back to normal. These incidents may be related to suppliers, business, systems, processes, infrastructure, supply chain, and people.

To manage this matter, the company has a Business Continuity Management area, responsible for providing employees with guidelines for the development of all continuity documents and processes. In addition to offering guidance, the area implements constant improvements in the processes, including monitoring and reporting to the executive board regarding training and awareness actions, as well as the theme of the mandatory training program for all employees.

**PagBank PagSeguro's Business Continuity Plan is sustained by the following pillars:**





# Ethics and Transparency

[102-16, 102-17, 102-25]

Ethics in business was one of the topics most cited by stakeholders in the most recent materiality study; therefore, it is one of the most important values of PagBank PagSeguro's management model. Through the Code of Ethics and Conduct and the Compliance Code, the company establishes policies to be followed by all employees and that define how they should perform their duties.

The document covers in-depth topics such as transparency, ethics, respect for privacy, and information security, and promotes an inclusive work environment - free of harassment of any nature (sexual or moral) and discrimination or prejudice of any kind based on race, color, religion, gender, sexual orientation, and others.

All employees are instructed to develop, on a daily basis, a relationship based on collaboration and mutual respect, extending this attitude to customers, suppliers, partners, and administrators. In this way, the company ensures that relationships in the workplace are always steered by professionalism, ethics, and transparency.

Regarding the fight against corruption, PagBank PagSeguro encourages compliance with the law in all its forms, provides objective information to investors, and works continuously to identify, manage, and mitigate any conflicts of interest that affect the impartiality of the employees who work in the distribution of investment products and other functions.

For concerns, questions, or reports of non-compliance with the Code of Conduct, the company has a Whistleblower Channel in place (canal-denuncias@uolinc.com). Employees who use the channel are protected against retaliation and have guaranteed confidentiality regarding any claims and the results and measures adopted. All claims are immediately investigated by the HR Department, which may assign a qualified professional to assist in the investigation, including legal counseling where necessary. [103-205, 205-1]

Of the total number of reports received via the Whistleblower Channel in 2021, 100% (44) were solved. After investigation, 57% of the reports were deemed to be well-founded and 43% unfounded. **The company has taken all the necessary measures to solve the cases reported.** [102-17, 102-34]

The responsibilities with regard to compliance with the company's **Code of Ethics and Conduct** are listed below:

- **Managers:** all managers are responsible for being familiar with and transmitting UOL Group's Code of Ethics and Conduct to their teams, reinforcing compliance and leading by example.
- **Employees:** all employees should be familiar with UOL Group's Code of Ethics and Conduct and act in accordance with the guidelines and policies presented therein.

- **Violations:** in cases of violations of the Code of Ethics and Conduct, it is up to UOL Group's HR Department to conduct an investigation of the matter and listen to all parties involved, for subsequent escalation of the matter to the Executive Board or Presidency, as appropriate.



**Total number of reports received via the Whistleblower Channel** [102-34]

Total number of reports received via the Whistleblower Channel	2019	2020	2021
Total number of employees	2578	4611	6751
Total number of reports	2	25	44
% Reports per active employee	0.1%	0.5%	0.7%
Total number of well-founded reports	1	21	25
% Well-founded reports	50.0%	84.0%	56.8%
Total number of unfounded reports	1	4	19
% Unfounded reports	50.0%	16.0%	43.2%

The total number of reports between 2019 and 2021 increased due to the higher number of company employees and actions to reinforce internal communication about the **Whistleblower Channel**.

The company has a procedure in place to Monitor Related-Party Credit Transactions. Through this procedure, every six months (preferably in June and December), the Officers and the company’s subsidiaries and affiliates, as well as the Board Members, must fill out a questionnaire designed to collect information on related parties, as defined in the Company’s Related-Party Policy, and on any transactions/ credit operations between them and the company. [102-25]

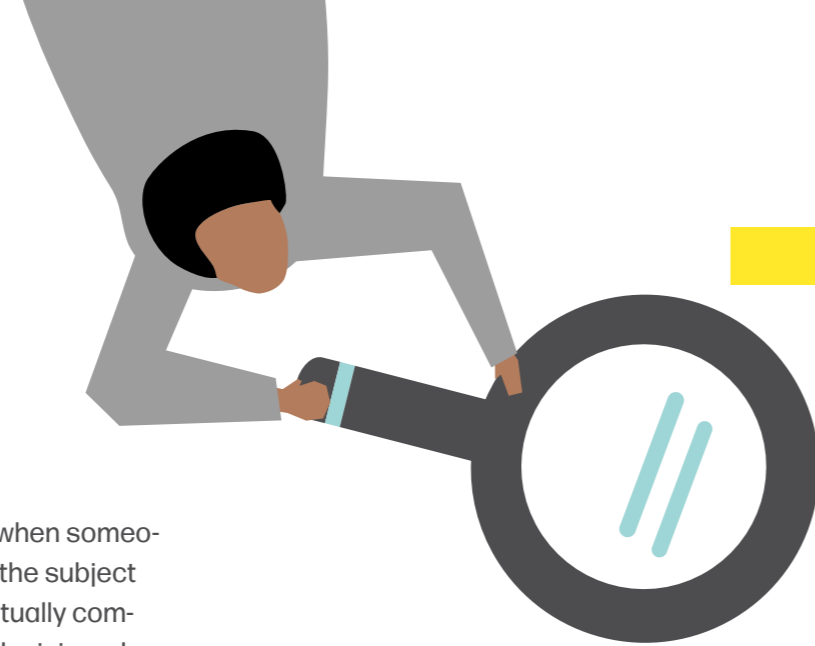
Information is also collected on the nature of the relationship between the Officer/Directors and their respective related parties and the company, indicating whether they are customers or suppliers, thus establishing controls to avoid conflicts of interest.

The company also provides a mandatory training program for all employees, which includes the following: [102-27]

- Ethics and Compliance
- Information Security and Phishing
- GDPL - Brazilian General Data Protection Law
- PCI-DSS Data Security Standards
- BCP - Business Continuity Plan
- Financial Privacy
- SOx - PagBank e PagSeguro
- Prevention of Money Laundering and Terrorist Financing
- Anti-corruption Law

In addition, the UniUOL platform (please see more information about the university in the Intellectual Capital section) offers several courses and content that can be accessed by all employees of PagBank PagSeguro.

The company also has a Code of Compliance, which must be followed by all professionals, including employees, contractors, consultants, and third parties.



## Conflict of Interest

Cases of conflict of interest occur when someone is not independent in relation to the subject matter, which may apparently or actually compromise the impartiality of his/her decisions. In these cases, the employee must immediately report to their area manager and/or compliance leader about their conflict of interest - or their concern about the conflict - that prevents them from performing their activities with impartiality.

Area leaders, managers, and administrators are responsible for monitoring and managing potential conflicts of interest of their employees. Hiring relatives and friends is forbidden, except within the rules of the HR Department, approved by the Board of Executives members and communicated to the compliance leader.

The conduct of third parties such as consultants, representatives, and expeditors when contracted to act on behalf of PagBank PagSeguro may result in the company and the professionals involved being punished for crimes such as bribery, money laundering, offering and receiving of unlawful benefits, consequently resulting in losses for the company.

The image and reputation of the group and of the employees can be compromised by the actions of other people or companies hired to perform services or supply products. Thus, it is imperative to take precautions to prevent and manage procedures to avoid such risks.

## Fraud Prevention and Money Laundering

To comply with legal and regulatory obligations, in addition to its Code of Ethics and Conduct, PagBank PagSeguro has specific guidelines in place to identify and prevent operations suspected of involving money laundering and terrorist financing.

To this end, the company created a mandatory training program for all employees directly involved in the operations, including topics such as Information Security, Prevention of Money Laundering and Terrorist Financing, Anti-corruption, General Data Protection Law, Business Continuity Plan, among others. [205-2]

The course must be completed by every employee within 15 days of joining the company, and refresher courses take place once a year. The courses on Prevention of Money Laundering and Terrorist Financing, and Anti-Corruption Law were completed by 6,000 employees in 2021.

Another initiative in this area is the inclusion of clauses in employment contracts and contracts with customers and suppliers that guarantee

mandatory compliance with all guidelines and procedures. PagBank PagSeguro also has structures and procedures in place to prevent and combat money laundering and terrorist financing:

### Customer Identification

The Know-Your-Customer process includes, in addition to registration, proof of customer identification, where all important information is maintained and updated.

### Customer Profile

A customer profile process is conducted to collect information on the customer's income, assets, activity, or nature of business, and to check whether or not the customer is a Politically Exposed Person (PEP).



# 5. Financial Capital



# Economic and Financial Performance

[103-201]

Despite the continuing COVID-19 pandemic and the country's economic difficulties, PagBank PagSeguro managed to achieve significant results in 2021, with significant economic and financial performance, thanks to its efficient and solid work in recent years.

The year ended with almost half a trillion reais (R\$ 456 billion) in financial transactions, composed of R\$252 billion in payments and R\$204 billion in PagBank transactions.

**Total net revenue and income** reached R\$ 10,449 million, which represents an increase of R\$ 3,634 million compared to the amount of R\$ 6,815 million in 2020, mainly due to the substantial increases in processed volumes (TPV) in acquiring (PagSeguro) and in the digital bank (PagBank) and to additional PagBank services such as cards issuance, credit products and transactional account services.

**Operating costs and expenses (GAAP)** reach R\$ 8,961 million, which represents an increase of R\$ 3,921 million compared to the amount of R\$ 5,040 million in 2020. The increase in the **cost of sales and services** was mainly due to the increase of total processed volumes

(TPV), increasing the transactional costs of cards exchange, cards issuance, cash-out costs, among others. The increase in **selling expenses** was mainly due to the increase in the number of teams at the commercial centers (HUBs) and chargebacks (cancellation of transactions and provision for doubtful accounts). The increase in **administrative expenses** was due to the increase in the number of employees. The increase in **financial expenses** was due to the increase in interest rates in Brazil and the increase in total processed volumes (TPV) in acquiring (PagSeguro) and digital banking (PagBank).

**Operating costs and expenses (Non-GAAP)** reach R\$ 8,568 million, which represents an increase of R\$ 3,744 million compared to the amount of R\$ 4,825 million in 2020. The increase in the **cost of sales and services** was mainly due to the increase of total processed volumes (TPV), increasing the transactional costs of cards exchange, cards issuance, cash-out costs, among others. The increase in **selling expenses** was mainly due to the increase in the number of teams at the commercial centers (HUBs) and chargebacks (cancellation of transactions and provision

for doubtful accounts). The increase in **administrative expenses** was due to the increase in the number of employees. The increase in **financial expenses** was due to the increase in interest rates in Brazil and the increase in total processed volumes (TPV) in acquiring (PagSeguro) and digital banking (PagBank).

**Net income (GAAP)** reached R\$ 1,166 million, which represents a reduction of R\$ 126 million compared to the amount of R\$ 1,292 million in 2020.

**Net income (Non-GAAP)** reached R\$ 1,425 million, which represents a reduction of R\$ 9 million compared to the amount of R\$ 1,434 million in 2020.

**Net income (recurring)** reached R\$ 1,546 million, which represents an increase of R\$ 167 million compared to the amount R\$ 79 million in 2020. The main factors that impacted this indicator were the PagPhone Write-off, digital PagBank losses and the tax provision reversal.



[201-1]

GAAP   R\$ millions	2019	2020	2021
Revenue from Transaction Activities and Other Services	3,376.1	4,508.7	6,784.8
Revenue from Sales	174.2	0.0	0.0
Financial Income	2,030.5	2,177.4	3,514.4
Other Financial Income	126.4	128.6	149.5
<b>Total Revenue and Income</b>	<b>5,707.2</b>	<b>6,814.7</b>	<b>10,448.7</b>
Cost of Sales and Services	(2,762.1)	(3,772.3)	(5,775.9)
Selling Expenses	(565.2)	(617.5)	(1,523.9)
Administrative Expenses	(427.4)	(563.9)	(877.6)
Financial Expenses	(38.1)	(109.2)	(790.6)
Other Income (Expenses), net	(1.9)	22.9	7.3
<b>Profit before Income Taxes</b>	<b>1,912.5</b>	<b>1,774.7</b>	<b>1,488.0</b>
<b>Income Tax and Social Contribution</b>	<b>(545.5)</b>	<b>(482.4)</b>	<b>(321.7)</b>
Current Income Tax and Social Contribution	(24.5)	(62.8)	(119.8)
Deferred Income Tax and Social Contribution	(521.0)	(419.6)	(201.9)
<b>Net income for the year</b>	<b>1,367.0</b>	<b>1,292.3</b>	<b>1,166.3</b>

Values expressed in R\$ millions			
Net Income attributable to:			
Equity holders of the parent	<b>1,365,597</b>	<b>1,291,658</b>	<b>1,166,102</b>
Non-controlling interests	1,428	642	182
<b>Basic Earnings per Common Share</b>	<b>R\$ 4.16</b>	<b>R\$ 3.92</b>	<b>R\$ 3.53</b>
<b>Diluted Earnings per Common Share</b>	<b>R\$ 4.15</b>	<b>R\$ 3.92</b>	<b>R\$ 3.51</b>

NON-GAAP*   R\$ millions	2019	2020	2021
Revenue from Transaction Activities and Other Services	3,376.1	4,508.7	6,784.8
Revenue from Sales	174.2	0.0	0.0
Financial Income	2,030.5	2,177.4	3,514.4
Other Financial Income	126.4	128.6	149.5
<b>Total Revenue and Income</b>	<b>5,707.2</b>	<b>6,814.7</b>	<b>10,448.7</b>
Cost of Sales and Services	(2,734.0)	(3,752.2)	(5,747.3)
Selling Expenses	(565.1)	(616.4)	(1,522.6)
Administrative Expenses	(299.3)	(369.9)	(517.1)
Financial Expenses	(38.1)	(109.2)	(790.6)
Other Income (Expenses), net	(1.9)	22.9	9.3
<b>Profit before income taxes</b>	<b>2,068.8</b>	<b>1,989.9</b>	<b>1,880.5</b>
<b>Income Tax and Social Contribution</b>	<b>(598.7)</b>	<b>(555.5)</b>	<b>(455.2)</b>
Current Income Tax and Social Contribution	(24.5)	(62.8)	(119.8)
Deferred Income Tax and Social Contribution	(574.2)	(492.6)	(335.4)
<b>Net Income   Non-GAAP</b>	<b>1,470.1</b>	<b>1,434.4</b>	<b>1,425.3</b>
Non-Recurring Adjustments	0.0	(55.6)	120.8
<b>Net Income   Recurring</b>	<b>1,470.1</b>	<b>1,378.8</b>	<b>1,546.1</b>

\*Non-GAAP disclosure

This Report includes certain Non-GAAP measures. We present Non-GAAP measures when we believe that the additional information is useful and meaningful to investors. These Non-GAAP

measures are provided to enhance investors' overall understanding of our current financial performance and its prospects for the future. Specifically, we believe the Non-GAAP measures



provide useful information to both management and investors by excluding certain expenses, gains and losses, as the case may be, that may not be indicative of our core operating results and business outlook.

These measures may be different from Non-GAAP financial measures used by other companies. The presentation of this Non-GAAP financial information, which is not prepared under any comprehensive set of accounting rules or principles, is not intended to be considered separately from, or as a substitute for, our financial information prepared and presented in accordance with IFRS as issued by the IASB. Non-GAAP measures have limitations in that they do not reflect all the amounts associated with our results of operations as determined in accordance with IFRS. These measures should only be used to evaluate our results of operations in conjunction with the corresponding GAAP measures.

Non-GAAP results consist of our GAAP results as adjusted to exclude the following items:

**LTIP expenses:** This consists of expenses for equity awards under our two long-term incentive plans (LTIP and LTIP-Goals). We exclude LTIP expenses from our Non-GAAP measures primarily because they are non-cash expenses and the related employer payroll taxes depend on our stock price and the timing and size of exercises and vesting of equity awards, over which management has limited to no control, and as such management does not believe these expenses correlate to the operation of our business.

**M&A expenses:** This consists of expenses for mergers & acquisitions (M&A) transactions, including, among others, expenses for external consulting, accounting and legal services in

connection with due diligence and negotiating M&A documentation for our acquisitions, as well as amortization and write-downs of the fair value of certain acquired assets. We exclude M&A expenses from our Non-GAAP measures primarily because such expenses are nonrecurring and do not correlate to the operation of our business.

**Non-recurring adjustments:** This consists of one-time adjustments related to PagPhone sales, PagPhone inventory provisions and tax impairment. We exclude non-recurring adjustments from our Non-GAAP measures primarily because such items are non-recurring and do not correlate to the operation of our business.

**Income tax and social contribution on LTIP expenses, M&A expenses and non-recurring adjustments:** This represents the income tax effect related to the LTIP expenses, M&A expenses and non-recurring adjustments mentioned above.

For a reconciliation of these Non-GAAP financial measures to the most directly comparable GAAP measures, see the tables elsewhere in this report under the following headings: Reconciliation of Total Expenses to Non-GAAP recurring Total Expenses, Reconciliation of Income Tax and Social Contribution to Non-GAAP recurring Income Tax and Social Contribution, Reconciliation of Net Income to Non-GAAP recurring Net Income, Adjusted EBITDA and Non-GAAP Net Income Reconciliation Reconciliation of Basic and diluted EPS to non-GAAP Basic and diluted EPS and Reconciliation of GAAP Measures to Non-GAAP Measures.



## Financial Innovation

Aiming to facilitate access to financial services in Brazil, PagBank PagSeguro works daily in the implementation and development of products and conveniences that prioritize innovation, broadening the experience of customers concerning democratization of these services in the country.

In 2021, an internal survey showed that **64% of all active merchants still did not accept cards as a means of payments before joining PagBank PagSeguro.** Of the customers who opened a PagBank payment account in 2021, 16% did not have any bank account before that. This means that the company is fulfilling its purpose of promoting true financial inclusion in Brazil.

In 2021, the company entered into a partnership with Bradesco Asset Management (BRAM) to include in the portfolio a new option of funds for investors looking to diversify their books of business. Through this initiative, they can select shares from companies aligned with environmental, social, and governance (ESG) practices. The model has products starting at R\$1.00 and high liquidity funds. The new investment possibility was disclosed after the launch of a specific PagBank PagSeguro platform to invest in shares, with no custody fee. [203-2]







# 6. Intellectual Capital





# Data Security and Privacy

This is one of the material topics listed as priority in PagBank PagSeguros most recent materiality survey, which further reinforces the attention and actions toward privacy, protection, and security of user and customer data. In this sense, the Information Security area acts on a daily basis to ensure the protection of data of the organization, employees, partners, and customers.

The task is performed through an automated process to maintain the quality of information security for all customers. The team also recurrently scans and inspects the apps in order to identify possible vulnerabilities. When a problem is identified, it is reported to the executive board and a specific deadline is set for its resolution.

PagBank PagSeguro also complies with the rules and policies of Brazil's National Monetary Council and Central Bank for regulated institutions. The company is in compliance with the Payment Card Industry Data Security Standard (PCI-DSS), with the General Data Protection Law

(GDPL), with the Money Laundering Prevention Law, and with the security resolutions of Brazil's Central Bank.

One of the company's pillars is 360° Security, a guideline that permeates all areas to ensure that matters related to information security are prioritized in the products/services offered to our customers.

The company also has the following data protection tools for PagSeguro's activities:

**Certification:** it has Payment Card Industry Data Security Standard (PCI) certification. Data is encrypted and stored in a secure environment to prevent unauthorized access.

**Secure shopping:** If the customer purchased online and did not receive the purchase as agreed upon, the company offers full support to resolve the issue, including up to 30 days to file a dispute.

**Risk analysis:** there is a risk management policy in place to avoid fraud. Those who sell through PagSeguro can count on an experienced and qualified team to analyze the transactions.

The main internal policies that address Data Privacy and Security are: [103-418]

- Data Privacy and Protection Policy;
- Data Governance Policy;
- Business Continuity Policy;
- Information and Cyber Security Policy.

The latter policy addresses the following topics: contracting data processing and storage and cloud computing services; third-party management; information classification; sending and receiving electronic confidential information; safe disposal of information; information security incident management; vulnerability management; secure software development; network resources; remote access; use of removable storage devices; backup; logging and data; anti-virus and malicious software; management of identity and logical accesses; systems administration; and information security and cyber risk management.





The company also has a mandatory training program that must be completed by all employees and includes the following topics: Information Security, PCI, General Data Protection Law, Business Continuity Plan (BCP), Phishing, Money Laundering Prevention (MLP), and Financial Privacy. The number of employees who completed each of the mandatory training courses is measured through monthly indicators. In addition, through the awareness program, notices addressing Information Security issues are sent out regularly, and monthly company-wide phishing campaigns are conducted.

Considering that trust and security are essential for success in the digital payments market, the core values at PagBank PagSeguro are respect for privacy, protection, and security of data for users and customers. Therefore, the company created a project to comply with the General Data Protection Law, consisting of 11 pillars implemented and fully addressed by the company.

A Privacy Program was also established to identify, assess, and ensure the effectiveness of data privacy and protection controls standardized in industry frameworks such as DSG (Data Security Governance) and NIST's (National Institute of Standards and Technology) Privacy Framework, aiming to continuously improve the program.

Another initiative in this area is the Information Security Master Plan, composed of 9 guidelines and 28 objectives for the 2022-2024 period, with governance that follows the controls and indicators of the ISO 27000 family. The plan is reviewed and approved by the Executive Board and its execution is overseen by the Information Security and Data Governance Committee, composed of the Chief Technology Officer (CTO), Chief Financial Officer (CFO), Chief Risk Officer (CRO) and representatives of the Risk and Compliance, Data Governance, and Information Security areas.



PagBank PagSeguro also has an independent member of the Audit Committee of the group who specializes in technology for means of payment, who holds bimonthly meetings to present the indicators and main events. There is also a Privacy Committee, composed of a member of the Board of Directors, the Data Protection Officer (DPO), Chief Risk Officer (CRO), and representatives of the Legal and Regulatory areas.

The company also has a GDPL (General Data Protection Law) Committee, with members of the Board of Directors and the Technology, Legal, and Regulatory areas, in addition to the CRO and the DPO. To execute and organize the privacy and data protection actions, the DPO relies on professionals specializing in privacy within the Information Security framework. The company also provides a channel for employees to ask questions regarding the GDPL.

PagBank PagSeguro has its own framework for internal and external auditing, Compliance, and Operational Risks. Using these structures, the company ensures isonomy in verifying and controlling compliance with rules and regulations, and, every year, is audited by the main regulatory agencies.

**Highlights of the Information Security and Data Privacy area in 2021 are:**

- Inclusion of the GDPR topic in the mandatory training program;
- Privacy program based on market frameworks such as DSG (Data Security Governance) and NIST's Privacy Framework;
- Creation of the GDPR portal, which contains documentation and guidance for company employees;
- Implementation of self-service for managing the right to be forgotten (275 requests were registered and addressed in the year);
- Implementation of self-service for DSAR (copy of the individual's data) in PDF format and accessible through password;
- Access to the DSAR through the PagBank application;
- Publication of educational content on GDPR on self-service pages in FAQ format;
- 360° Security, a guideline that requires that all areas related to information security are prioritized in the products/ services offered to customers;

- Expansion of the monitoring model in Information Security, providing an approach focused on transaction prevention and directly contributing to the business from end-to-end.

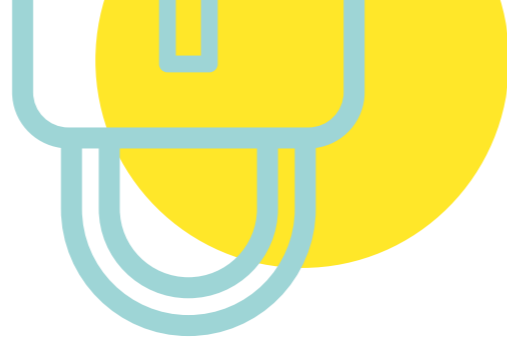
In 2021, the company suffered a cyber attack on a newly acquired company: Wirecard Brazil Instituição de Pagamento S.A. (Moip). At the time of the cyber attack, Moip had a dedicated and separate IT server and operating environment independent from the rest of the company's IT platform and systems, and therefore none of PagBank PagSeguro's databases, customer information or systems were vulnerable to the attack, other than the data in Moip's IT environment.<sup>[418-1]</sup>

The company followed all requirements of the Brazilian legislation, including the submission of a formal report to the National Data

Protection Authority (ANPD) and the Central Bank, and acted quickly and efficiently to restore services and improve the data security and privacy processes of that subsidiary. Despite the leakage, no evidence of unauthorized access to confidential information, such as passwords or credit card details, were identified. The company's technology systems, including Moip's IT environment, continue to operate normally. <sup>[418-1]</sup>

PagBank PagSeguro's management of Information Security risks relies on a continuous process to identify, analyze, evaluate, treat, review, and communicate all risks mapped in order to protect assets and, together with the Operational Risk area, offer a risk model and procedure that is common and integrated to the company.





The Information and Cyber Security risk management system is composed of processes from various sources, including from recurring activities, project feasibility studies, vulnerability scans, monitoring activities, asset and application testing (internal and external), assessments, threat modeling in new products, or specific demands that have been previously assessed or submitted to a committee.

A risk assessment is also performed on all service providers that store, transmit, process, manage, or access data classified as confidential (PII and PCI), involving financial privacy, or providers that host company apps. The assessment determines the impacts on information and cyber security, as well as business continuity, and defines the required controls before each service provider begins to work. The result of this analysis is taken into account prior to signing the contract between the parties.

PagBank PagSeguro also has a Business Continuity program, which sets out objectives, goals, controls, relevant processes and procedures to improve business continuity and obtain results aligned with the company's policies and strategic objectives. Currently, there are 110 OCPs (Operational Continuity Plan), which are registered and tested annually. The company also conducts tests for data leakage, backup, data injection in corporate environments, communication links, capital and liquidity, and computing resources.

Through the Information Security Incident Management Procedure, the company establishes, details, and demonstrates the technical guidelines to comply with the discipline and regulatory issues and support abnormal events and relevant continuity actions. The procedures are based on the Incident Response Methodologies (IRM), offered and made available globally by the Computer Emergency Readiness Team (CERT).

The procedure is a technical basis for handling and managing Information Security incidents and meets the requirements set forth by the Brazilian Central Bank (BACEN), the Sarbanes-Oxley (SOx) Act, Payment Card Industry Data Security Standard (PCI DSS), ISO/IEC 27000 standards, and the General Data Protection Law (GDPL).

Every year, the company hires businesses specializing in penetration tests regarding security in order to supplement the tests performed internally. It also runs a bug bounty program, available for Information Security researchers to report possible vulnerabilities in the operational environment.

Data of individuals and legal entities are collected during the customer registration process, as well as the data of the partner informed at the time of onboarding. All data are validated and identified in the PEP and Sanctions lists, with the aim of preventing corruption and crimes such as money laundering. It is worth pointing out that, if the partner is a legal entity, consultations are made until the final beneficiary is established and, in the case of individuals, the view of the corporate structure is updated.

The company also conducts new validations through consultations with bureaus to confirm and update customer registration data, even if the information has been recently updated. Through annual audits, the Internal Controls area evaluates the process to ensure that the flow of updates is correct and properly executed.



# System Availability

Using monthly indicators generated by advanced technology tools, the Vulnerability Management team produces reports that are submitted to the responsible areas and professionals who take action within the previously defined deadlines.

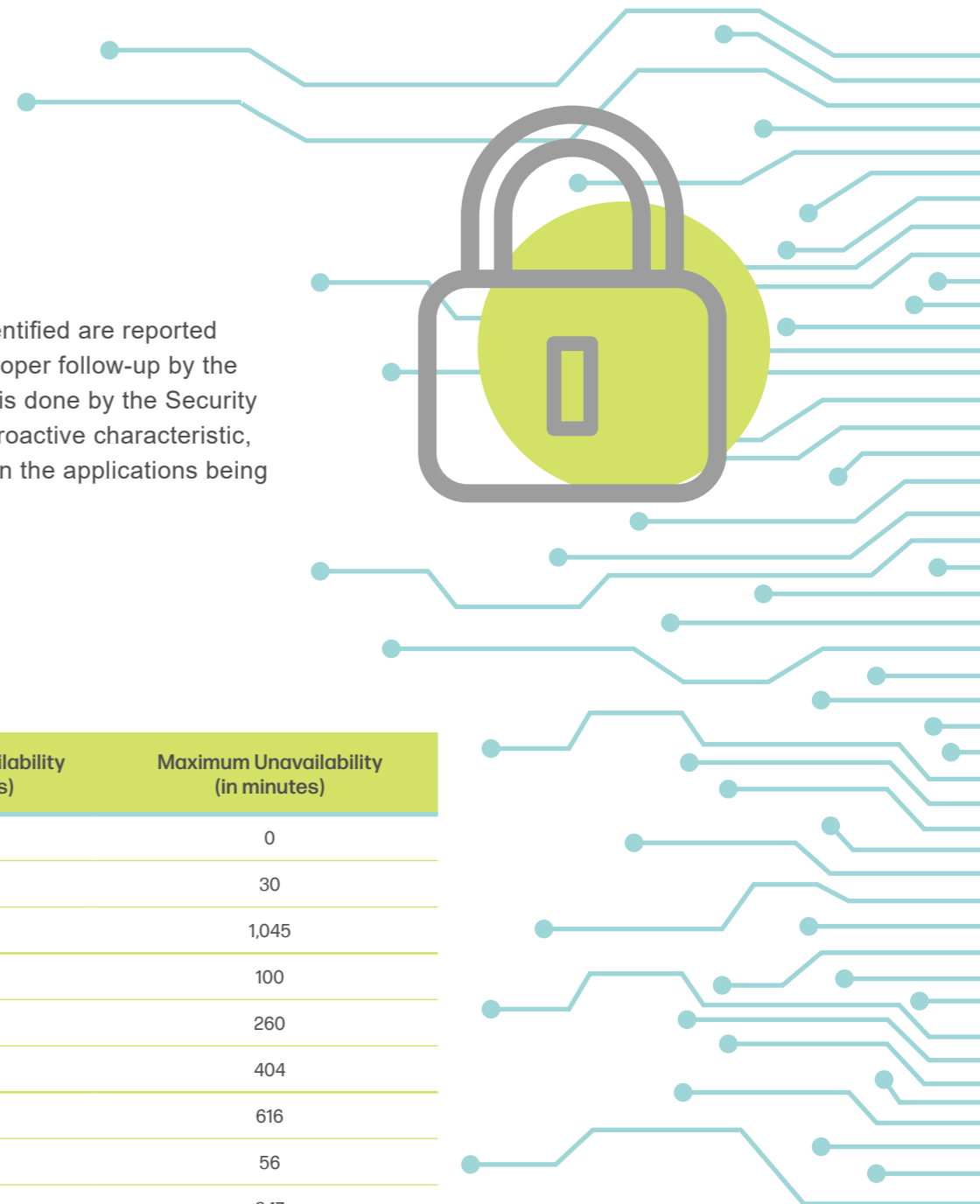
Today, to ensure immediate security, the company uses compensatory control solutions with various instant protections. In the computer technology park, for example, solutions were put in place to monitor the manipulation of sensitive and/or classified data.

There are also dedicated security teams in each business unit responsible for threat modeling and penetration testing to validate the security of the applications. If failures are detected, they are registered in a centralized platform and notified to those responsible for immediate correction.

In recent years, from 2018 to 2021, unavailability rates in minutes were produced, as well as the percentage of time the system was operational and available and the number of events affecting availability each year. In 2021, 44 events were recorded. On average, the system remained operational for 99.7% of the time, and no event required any repairs that destabilized the system for more than 18 hours.

All vulnerabilities identified are reported and registered for proper follow-up by the risk area. This work is done by the Security team, which has a proactive characteristic, with frequent tests on the applications being developed.

		Unavailability (in minutes)	Average Unavailability (in minutes)	Maximum Unavailability (in minutes)
2021	In-Store Payments	0	0	0
	Cards	56	28	30
	PagBank	6,374	151	1,045
2020	In-Store Payments	138	46	100
	Cards	312	104	260
	PagBank	1,486	78	404
2019	In-Store Payments	885	148	616
	Cards	74	37	56
	PagBank	4,050	127	847



# Innovation and Technology

The company has in its DNA the development of technology and innovation; consequently, these topics are always connected to PagBank PagSeguro's activities, which directly influences the achievement of sustainable business results.

In 2021, the company followed the standard reverse logistics process - in other words, products, such as defective POS terminals, were replaced.

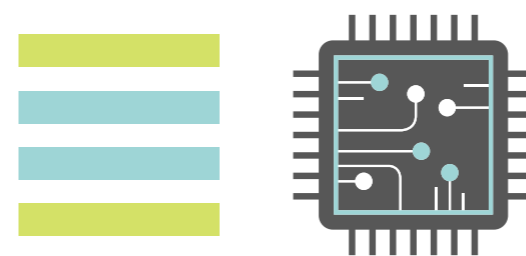
[102-36]

The concept of reverse logistics consists in reusing equipment that has been replaced or returned, performing the necessary sorting or repair in order to fully reach the product's life cycle, avoiding early disposal. Products that are obsolete or beyond repair and return in reverse logistics, are sent for sustainable disposal through a contracted and certified company.

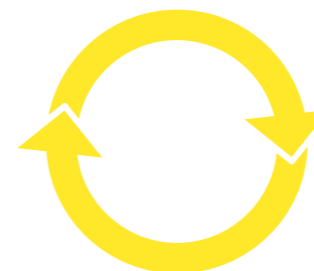
During the disposal process, the product is de-characterized by removing labels, disassembling the equipment, and sorting by type of material, such as plastic, copper, rubber, among

others. The materials are then shredded. At the end of the process, a report is issued stating that the disposal of the lot is concluded.

Currently, the company has reverse logistics processes in place, especially regarding the replacement and return of POS terminals, with systemic registration and traceability throughout the logistics chain.



PagBank PagSeguro is committed to adopting good practices, optimizing the life cycle of the equipment, evaluating the need for new purchases, and reusing equipment reversed in the supply chain. The company has several Key Performance Indicators (KPIs), such as replacement rate by model, manufacturer, aging of POS terminals in the field, as well as the pledge to provide a good end customer experience, fully covering the expenses for replacements or returns.



In 2021, the area obtained a customer service re-placement indicator of '95% on time'. Every month a report is issued to Accounting regarding the pieces of equipment being repaired. This control is monitored by the Internal Controls and External Audit areas.

The topic is handled by the Laboratory Management cell, responsible for controlling the POS terminals being sorted/repared and sent for disposal, using the SAP system. Suppliers that hold several certifications, such as CETESB Registration, ART (Technical Responsibility Annotation), IBAMA, ISO 14001 and 9001, Fire Department Inspection Report, among others, send the POS terminal shredding certificate with photos and proof of the entire process.

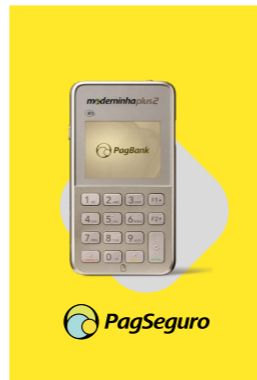
**The reverse logistics area also performs the following activities:**

- Replacement of materials with more sustainable versions. For example: the packaging of the equipment (envelope) is now biodegradable
- Graphic materials (manuals and folders) are produced by a supplier that has the FSC seal (International Certification granted to companies that promote the responsible use of natural resources, with environmental conservation and sustainable development of the world's forests)
- External painting of the casing of the equipment with little damage, not requiring a new casing.

## Recycling of Machines Manuals, folders, and envelopes



(Printed Materials)

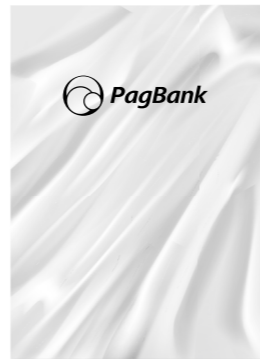


SP Graf

Reduction of extra information material that accompanied each shipment to the customer.

Forest Stewardship Council

(Plastic Packaging)



EP- EnveloPack

d2w is an oxo-biodegradable additive certified by ABNT in accordance with the environmental quality program accredited by INMETRO.





# 7. Human Capital

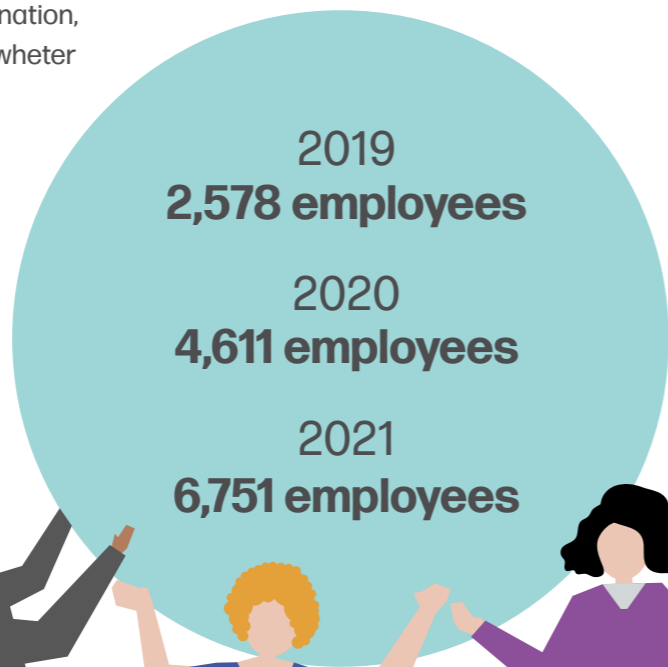


# Talent Management

[103-401]

Employee appreciation is one of PagBank PagSeguro's most important pillars. Therefore, the company consistently carries out actions that focus on personal development, diversity, and inclusion, and develops a healthy, safe, and meritocratic work environment, besides combating sexual or other harassment, discrimination, or prejudice of any nature, regardless or wheter involves race, color, religion, or gender.

On December 31, 2021, PagBank PagSeguro had 6,751 employees. In the last three years, the number of employees in the company has more than doubled, as shown in the following table:



2021 was a challenging year for the Human Resources area because of the fierce competition in the market for professionals in the technology area, one of the most important sectors within PagBank PagSeguro. It was also difficult to select professionals with specific skills, given a scenario of demand exceeding supply. The pandemic and the home-office model also contributed to this competitive landscape.

On the other hand, the company is known for developing and training professionals internally, which makes it a great breeding ground for new talent. In 2021, the company continued to promote career empowerment, offering attractive and competitive benefits for all.

For the coming year, the HR Department intends to continue investing in talent and working on engagement and retention, always attentive to best practices and plans to make the company the best place to work, with employees who are integrated and involved in all achievements and opportunities.

PagBank PagSeguro's organizational culture is continuously strengthened through communication campaigns that highlight the pillars of the company's mission and values. To this end, the company implemented, in 2022, a management and development program for employees, encouraging greater proximity between leaders and employees and a culture of feedback.

With an environment that is open to innovation and creativity, the company regularly organizes meetings between the teams and the CEO and directors, fostering synergy among everyone and sharing the results in order to increasingly disseminate the company's fundamental values and pillars. The focus is on promoting important aspects such as collaboration, innovation, and agility, always aiming to provide the best solutions for customers. PagBank PagSeguro's offices are shared environments, which promotes greater integration among all employees and, consequently, greater productivity.

Everyone is welcome at the company: this has been part of the company's DNA since the beginning, with young and diverse teams. In 2021, for example, the company hired socially vulnerable young people to work in the IT area and, for 2022, the company hired a specialized consulting firm to develop an in-depth project in the area of diversity and inclusion, providing training for managers and information manuals.

As for variable compensation, the company has actions in place to further encourage the potential of all employees, always seeking to tie their performance to compensation through specific indicators and metrics, rewarding the employees and highlights of each area.

PagBank PagSeguro currently offers fixed and variable compensation, including performance-based compensation, shares, bonuses, and exercisable or deferred shares, such as a Profit-Sharing Plan (PSP)/Short- and Long-Term Bonus, based on company results. It also offers attraction bonuses or recruitment incentive payments (hiring bonuses). Short- and Long-Term PSP targets are tied to the company's economic topics. [102-35]

**From January to December 2021, more than 2,569 employees were promoted or received salary increases.**

The competitiveness of PagBank PagSeguro's compensation package is benchmarked against the market through surveys conducted by independent consultants specializing in the topic, specific knowledge and skills of the employee, relevance and impact on the business, salary positioning, and financial results. The levels are clear for all employees within the company structure and meritocracy is the criterion used to give recognition and manage the compensation package. [102-36, 404-2]



The company's managers are responsible for recognizing their teams, and each department has the autonomy and flexibility to plan and implement such recognition to retain talent. The role of leadership is to ensure that promotions and recognitions are fair and transparent. [102-36, 404-2]

PagBank PagSeguro has programs in place to encourage the development of talent. One example is the +Talentos Program, through

which employees who make referrals may be rewarded with R\$2,000 if the referral is effectively hired for specific positions. In 2021, a total of 83 employees were hired through the Program, totaling an investment of R\$166,000.00.

Through the Internal Recruitment Policy, the company aims to foster internal opportunities, broadening the possibilities for career development for all employees. The company also has partnerships with universities to attract talent, especially those offering courses in the area of IT.

## Other internal programs:

### Internship Program - PagTalents

This is an internship program that provides an experience and learning environment for university students, preparing them for the needs of the business and promoting a sense of belonging and career opportunities. In 2022, 50% of the positions in the program will be dedicated to socioeconomically vulnerable young adults and women, who will have access to exclusive courses and training.

### Young Apprentice Program

PagBank PagSeguro's Young Apprentice program provides the opportunity for theoretical and practical learning for young people in their first professional experience, focusing on development and career.



	Internship Program	Apprentice Program	+Talentos Program	Internal Recruitment Program
Number of employees who joined through the program in 2021:	95	7	83	14
Percentage of employees who joined through the program and are still with the company:	80%	47%	98%	86%
Percentage of people hired through the internship program:	86%	47%		



In partnership with SoulCode Academy, a digital inclusion school focused on providing technological training to socioeconomically vulnerable young people who love technology, the company hired seven students in 2021 to work internally, including four women. All of them were trained by SoulCode and are now working in the Engineering area.

During the year, PagBank PagSeguro's female employees participated as speakers and judges in a hackathon event called SheHacks, aimed at female college students with the purpose of promoting the inclusion of women in technology careers.

The company promotes internal campaigns to inform its employees about health, information security, ethics and conduct, ergonomics, and well-being. Employees also participate in the campaigns, promoting actions that lead to the sharing of videos, photos and testimonials.

PagBank PagSeguro also promotes actions to engage employees with the company's culture. In 2021, for example, each employee received presents at home on Children's Day. They also received a "back-to-the-office kit" to ensure a safe, careful, and gradual return.

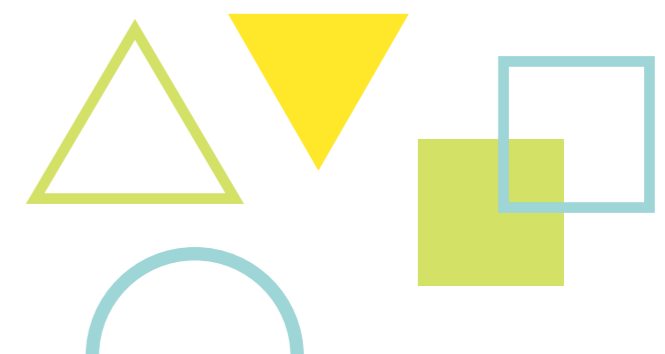
For talent retention, the company continuously invests in courses, training, and joint activities for employees to expand their knowledge and interact with other teams. The main form of corporate education is the corporate university, UniUOL (managed by UOL Edtech, a Grupo UOL company).

The purpose of UniUOL is to strengthen intellectual capital, provide new knowledge, and value the employee's learning moments. It is a corporate education platform that provides an active and continuous learning environment, managing all of the company's strategic educational actions.

The corporate university was conceived to empower students in their learning process. In order to organically organize the contents, UniUOL is composed of three academies that represent major themes or areas of interest: People Academy, Leadership Academy, and Business Academy.

Through this platform, employees have access to customized learning paths. In 2021, more than 3,000 employees participated in face-to-face and remote courses. There were more than 97,000 hours of training, more than 6,000 participants in internal training, almost 200 internal classes, and approximately 781 external training courses, totaling an investment of more than R\$2.94 million in training, for international courses and seminars. [103-404]

In 2021, the company did not conduct formal employee evaluations, but already has plans to do so in 2022. [404-3]





[102-8; 405-1]

**Employees by gender**

Full-time employees	2019		2020		2021	
	Total	%	Total	%	Total	%
<b>Men</b>	1624	63%	2932	64%	4170	62%
<b>Women</b>	954	37%	1679	36%	2581	38%
<b>Total</b>	2578	100%	4611	100%	6751	100%

**Employees by region**

Most of PagBank PagSeguro employees are based in the Southeast region.

Employees by region*	2019		2020		2021	
	Total	%	Total	%	Total	%
<b>Midwest</b>	88	3.41%	164	3.56%	265	3.93%
<b>Northeast</b>	91	3.53%	292	6.33%	454	6.72%
<b>North</b>	2	0.08%	47	1.02%	93	1.38%
<b>Southeast</b>	2200	85.34%	3701	80.26%	5260	77.91%
<b>South</b>	197	7.64%	394	8.54%	667	9.88%
<b>Abroad</b>	0	0.00%	13	0.28%	12	0.18%
<b>Total</b>	2578	100%	4611	100%	6751	100%

\*Reported data does not consider the number of interns in the organization.

**Employees by race**

Employees by race*	2019		2020		2021	
	Total	%	Total	%	Total	%
<b>Asian</b>	33	1.28%	65	1.41%	133	1.97%
<b>Caucasian</b>	1987	77.08%	3071	66.60%	4283	63.44%
<b>Indigenous</b>	1	0.04%	1	0.02%	9	0.13%
<b>Not informed</b>	35	1.36%	203	4.40%	166	2.46%
<b>Black</b>	141	5.47%	271	5.88%	484	7.17%
<b>Brown</b>	381	14.78%	1000	21.69%	1676	24.83%
<b>Total</b>	2578	100%	4611	100%	6751	100%

**Interns and Young Apprentices**

Temporary employees	2019		2020		2021	
	Men	Women	Men	Women	Men	Women
<b>Interns</b>	11	8	17	19	49	23
<b>Young Apprentices</b>	2	4	10	8	2	5
<b>Total</b>	13	12	27	27	51	28

### Employees by age group

Employees by age group*	2019		2020		2021	
	Total	%	Total	%	Total	%
Up to 19 years old	16	0.62%	25	0.54%	24	0.36%
Between 20 and 29 years old	844	32.74%	1419	30.77%	1951	28.90%
Between 30 and 39 years old	1291	50.08%	2298	49.84%	3290	48.73%
Between 40 and 49 years old	377	14.62%	772	16.74%	1299	19.24%
Between 50 and 59 years old	48	1.86%	95	2.06%	179	2.65%
Over 60 years old	2	0.08%	2	0.04%	8	0.12%
<b>Total</b>	<b>2578</b>	<b>100%</b>	<b>4611</b>	<b>100%</b>	<b>6751</b>	<b>100%</b>

### Employees by employment category

Employees by employment category*	2019		2020		2021	
	Men	Women	Men	Women	Men	Women
1. Director	21	6	33	5	31	8
2. Manager	144	70	185	89	296	107
3. Coord/spec	129	62	326	140	452	193
4. Supervisor	145	62	143	51	229	79
5. Team	1183	750	2235	1386	3160	2189
6. Apprentice	2	4	10	8	2	5
<b>Total by gender</b>	<b>1624</b>	<b>954</b>	<b>2932</b>	<b>1679</b>	<b>4170</b>	<b>2581</b>
<b>Total</b>	<b>2578</b>		<b>4611</b>		<b>6751</b>	

\*Reported data does not consider the number of interns in the organization.

[401-1]

### New hires

New hires by gender	2020		2021	
	Number	Rate	Number	Rate
Men	1915	65%	2808	61%
Women	1041	35%	1767	39%
<b>Total</b>	<b>2956</b>	<b>100%</b>	<b>4575</b>	<b>100%</b>

New hires by region	2020		2021	
	Number	Rate	Number	Rate
North	95	3%	179	4%
Northeast	402	14%	569	12%
Midwest	147	5%	253	6%
Southeast	2000	68%	2981	65%
South	302	10%	583	13%
Abroad	10	0%	10	0%
<b>Total</b>	<b>2956</b>	<b>100%</b>	<b>4575</b>	<b>100%</b>

New hires by age group	2020		2021	
	Number	Rate	Number	Rate
Under 30 years old	916	31%	1479	32%
From 30 to 50 years old	2006	68%	2986	65%
Over 50 years old	34	1%	110	2%
<b>Total</b>	<b>2956</b>	<b>100%</b>	<b>4575</b>	<b>100%</b>

New hires by employment category	2020		2021	
	Number	Rate	Number	Rate
1. Director	7	0%	4	0%
2. Manager	40	1%	81	2%
3. Coord/spec	143	5%	218	5%
4. Supervisor	140	5%	135	3%
5. Team	2616	88%	4131	90%
6. Apprentice	10	0%	6	0%
<b>Grand Total</b>	<b>2956</b>	<b>100%</b>	<b>4575</b>	<b>100%</b>



[401-1]

Turnover and terminations

Overall employee turnover	2020*	2021
Turnover rate	24%	38%

\*The methodology for calculating the turnover rate for 2020 was adjusted. [102-48]

Terminations by gender	2020		2021	
	Number	Rate	Number	Rate
Men	710	64%	1639	64%
Women	407	36%	924	36%
<b>Total</b>	<b>1117</b>	<b>100%</b>	<b>2563</b>	<b>100%</b>

Terminations by region	2020		2021	
	Number	Rate	Number	Rate
North	41	4%	106	4%
Northeast	130	12%	303	12%
Midwest	76	7%	137	5%
Southeast	735	66%	1695	66%
South	129	12%	313	12%
Abroad	6	1%	9	0%
<b>Total</b>	<b>1117</b>	<b>100%</b>	<b>2563</b>	<b>100%</b>



Terminations by age group	2020		2021	
	Number	Rate	Number	Rate
Under 30 years old	321	29%	732	29%
From 30 to 50 years old	778	70%	1767	69%
Over 50 years old	18	2%	64	2%
<b>Total</b>	<b>1117</b>	<b>100%</b>	<b>2563</b>	<b>100%</b>

Terminations by employment category	2020		2021	
	Number	Rate	Number	Rate
1. Director	5	0,45%	8	0,31%
2. Manager	28	2,51%	91	3,55%
3. Coord/Espec	70	6,27%	127	4,96%
4. Supervisor	72	6,45%	129	5,03%
5. Team	936	83,80%	2190	85,45%
6. Apprentice	6	0,54%	18	0,70%
<b>Grand Total</b>	<b>1117</b>	<b>100%</b>	<b>2563</b>	<b>100%</b>

[401-3]

Parental leave	Total employees	
Total number of employees that took parental leave in the reporting period	<b>M</b>	49
	<b>W</b>	53

In 2021, the total number of employees that returned to work after parental leave ended was 35 men and 24 women.

The main benefits currently offered to employees are: [401-2]

**Meal/food vouchers:** accepted in more than 200,000 businesses (with a consideration by the employee equivalent to 1 day's voucher per month). Employees can choose to receive their credits in both cards (splitting the amount) or choose one of the vouchers to receive the total credit (meal or food voucher).

**Health and Dental:** health insurance with national coverage and no monthly fee for employees and their dependents. Dental assistance is also offered and covers all procedures, including orthodontics and prosthetics, for employees and their dependents, fully covered by PagBank PagSeguro.

**Life insurance:** all employees have life insurance fully covered by the company, including natural death of spouses/partners and children.

**Private pension plan:** employees can plan their retirement with an incentive of up to 100% matching contribution by the company (on average).

**Transportation allowance:** provided pursuant to legislation, with a deduction of up to 6% of the salary or the total amount of the transportation allowance (whichever is lower).

**Extended maternity leave:** the 180-day maternity leave aims to provide even more time to strengthen the bond between mothers and children. The company also encourages employees to take a vacation following their leave.

**Extended paternity leave:** the company offers paternity leave for 20 consecutive working days.

**Daycare or babysitter allowance:** for employees (women and men) with children under the age of 6.

**Maternity kit:** all employees (fathers or mothers) are given a maternity basket as a gift at birth and adoption of their children up to 6 months of age, including a personalized book to record their child's special moments.

**Breastfeeding room:** the breastfeeding room provides a comfortable environment for mothers. It is equipped with hygiene items and refrigerators for storing breast milk.



**Medical emergency:** the company guides its employees on how to respond to emergencies in the workplace, explaining the procedures to be followed to provide emergency care to Grupo UOL employees and service providers.

In the area of health and well-being, PagBank PagSeguro offers the following benefits to its employees: [103-403, 403-6]

**Flexible schedule and working hours:** with flexible working hours, each employee can negotiate the best work schedule with their manager. This flexibility allows employees to make arrangements for other personal commitments or leisure activities and still work efficiently. This model is also beneficial for mothers and fathers with small children, allowing them to attend school meetings and take their children to the doctor, for example.

**Home office:** in addition to flexible hours, many office employees can work from home. Certain IT employees, depending on where they live, can opt for remote work every day of the week. During the pandemic, the company followed the protocols established by the relevant government agencies for the safety of its employees and adopted a full home-office system at the most critical period and, afterwards, return to the office was optional.

**Dress code:** at PagBank PagSeguro, employees can wear whatever they feel comfortable with. It is a casual work environment that respects the style of each employee.

**Work environment:** PagBank PagSeguro offers a casual, collaborative, and free work environment. The spaces and offices foster interaction and socialization for co-creation, alignment, and chatting.

**Gym:** to improve the quality of life, the company has partnerships with fitness centers and subsidizes the cost of the employee's membership. The company's main offices also have a dedicated Mobility Space, prepared exclusively to accommodate bicycles and/or scooters, equipped with power outlets. There is also a locker room for showering before work.

**Physical activity in the workplace:** employees at the main offices of PagBank PagSeguro have in-person exercise classes every business day and can also take online classes.

**Massage:** employees have free quick massages up to twice a week. The session takes place in a special room where employees can disconnect for a few minutes from their daily routine.

**Stay Well - Personal Support for Employees:** the company offers employees and their families an online psychological, financial and legal counseling service, which is totally free and confidential. The service is available 24 hours a day, every day of the week.

**Flu shots:** every year PagBank PagSeguro offers free flu shots to its employees. Dependents receive discounts on the price of the vaccine.

**Yellow September, Pink October, and Blue November:** every year, the company promotes campaigns to address issues such as mental health, breast cancer, and prostate cancer. The campaigns include informational materials, lectures by specialists, chats and interaction with employees.

**Snacks and sandwiches:** employees can buy snacks and sandwiches inside the office during office hours without having to leave their desks.

**Pharmacy Card:** card with a pre-loaded amount to be used in several partner pharmacies, deducted from payroll.

# Training

Aiming at professional development, PagBank PagSeguro continuously invests in courses and training for employees to increase their knowledge and interact with other areas of the company. People management is strongly based on meritocracy, competencies, and results, which are measured collectively, grouped by teams and projects. The company believes in the value of teamwork and in the continuity of the results obtained through this model.

In 2021, HR developed a pilot project for leaders, called “Jeito PAGES de liderar” (PAGES Way of Leading), which involved all sales leaders, aligning more than 600 leaders with the company’s culture.

It also provides mandatory training programs for employees to be in tune with PagBank PagSeguro’s mission and values.



[404-1]

### Average hours of training in 2021:

I. Gender	2019	2020	2021
Men	06:01:56	06:38:43	21:45:54
Women	06:27:51	06:14:49	22:38:04

II. Employment category	2019	2020	2021
1. Director	05:30:00	02:28:53	9:05:00
2. Manager	11:29:11	09:08:24	27:19:44
3. Coord/Espec	09:05:37	06:36:35	15:26:33
4. Supervisor	07:50:53	06:15:21	27:24:24
5. Team	15:29:42	14:28:47	42:00:51
6. Apprentice	07:09:28	02:48:00	26:46:34

### Face-to-face courses:

- 1,360+** participants in face-to-face courses;
- 22,270+** hours of face-to-face and remote training;
- 3,340+** participants in internal training;
- 186+** internal classes;
- 29+** external training courses;
- R\$1.3 million+** invested in training last year

### Online courses:

- 79,660+** online training courses
- 50,370+** hours of training in this format
- 121,190+** visits to the UniUOL platform
- 74,570+** video views
- 14,790+** downloads of content from the library
- 6,203+** people completed the mandatory training programs on topics such as Business Continuity Plan, Information Security, Prevention of Money Laundering and Terrorist Financing, among others (92% of the target audience).

In UniUOL's online format, approximately 81,000 training sessions were provided in 2021, with more than 51,000 hours, 121,000 visits to the UniUOL platform, 74,000 views of the training videos, more than 14,000 downloads of content from the library, and more than 6,000 participants who completed the mandatory program, covering topics related to Information Security, Prevention of Money Laundering and Terrorist Financing, among others.

2021 was also a year in which several initiatives matured, such as the first cycle of the leadership training program, which trained the Retail team through a program called *Jeito Polos +GV de Liderar*, aimed at training the target audience in three major People Management pillars: leader performance - ethics, conduct, and responsibilities; focus on the team - development of people; and great results - high performance teams.

In all, 317 leaders were trained. They participated in 10 online meetings using follow-on training materials such as ebooks, online content curation, and leadership playbooks, recording a 94% satisfaction rate.

Another initiative in 2021 was the development of a pilot Performance Evaluation program called GD - Gestao de Desenvolvimento

(Development Management), which offers objective tools for managers, subordinates, and peers to share continuous feedback on deliverables, projects, and behaviors. This makes it possible to plan the career development of each employee. [404-3]

**The Development Management cycle will have three stages:**

- The checkpoint allows leader and employees to make arrangements, identify what works and what needs improvement, and decide on the best way forward. This will allow employees to understand which points they have already mastered and which still need improvement.
- In the next stage, leader and employees have open conversations, addressing the points of opportunity for their personal and professional development. The employee is guided on the next steps to be taken for the advancement in their career.
- With these insights, employees can give and receive feedback to and from leaders and peers about their performance in projects, actions, or initiatives in which they have participated, recognizing or guiding other employees.

The pilot program lasted 45 days, with more than 850 PagSeguro employees participating and interacting on the modules proposed.

The company has a policy in place for participation in training, external events (in Brazil or abroad), and interviews to regulate the subsidization of training and external courses to its employees, as well as rules for supervising mandatory training.

The participation of employees in training and external events must always be authorized by the company through the approval of the Application Form for Participation in External Events (Next) 15 business days in advance. The authorization is justified by the employee's manager, Director of the area, and the CEO of PagBank PagSeguro.

The mandatory training program, available online at UniUOL, features important topics and/or topics required by regulatory agencies regarding the company's business. The deadline for completing the mandatory training program is 15 days after receiving the internal communication.

**2021 Highlights:**

- 99.6% employee adherence to completing the mandatory course program;
- 99.7% of employees completed at least 1 course;
- Average number of courses per employee: 13;
- Average adherence rate (in face-to-face/remote courses): 97%;
- Total course hours (face-to-face/remote and online): 148,924:52:00.

UniUOL's course program is revised every year; however, currently mandatory courses cover information security, phishing, operational risk, internal controls and compliance, financial privacy, General Data Protection Law, anticorruption law, Prevention of Money Laundering and Terrorist Financing, PCI-DSS, and Business Continuity Plan. The HR Department is responsible for monitoring these activities, ensuring that all employees meet the training requirements. Employees who fail to complete the mandatory courses will be notified by their immediate manager and have their access to the corporate network denied.

The UniUOL platform contains reports on courses and development tracks to monitor the progress of employee courses.

## Diversity and Inclusion

One of PagBank PagSeguro's main pillars is valuing its employees. Therefore, through the Diversity and Inclusion Program, the company continually seeks to encourage diversity, respecting individuals and their differences, and is recognized for promoting a healthy, safe, inclusive, and meritocratic work environment that stimulates performance and professional development. Sexual harassment, bullying, discrimination or prejudice of any nature, whether of race, color, religion, gender, are not allowed. [103-405]

The business has technology and innovation activities in its DNA, where young teams help shape a casual and open environment guided by the appreciation of diversity. Currently, more than 81% of the company's employees are younger than 39 - almost one third of them are between 20 and 29 years old. [103-405]

Of this total, nearly 38% are women, notably on the Board of Directors, where, in a group of seven board members, three are women, which earned recognition in 2020 from the Women on Board (WOB). Nearly 32% of the employees today are Black (the sum of Black and Brown people), and between 2017 and 2021 the share of Black employees grew by 40%.

The idea behind the Diversity and Inclusion Program is to make a diagnosis, map, and train the leadership and HR, with direct communication, campaigns, and lectures on this topic for all company employees.

PagBank PagSeguro carried out a number of affirmative actions in 2021 to further expand its Diversity and Inclusion activities: [413-1]

- **Technological training for SoulCode youth:** through a partnership with SoulCode Academy, a school dedicated to digital inclusion that focuses on technological training for socioeconomically vulnerable young people, seven young adults were hired for the Engineering area at PagSeguro, including four women.
- **Vai Na Web:** PagBank PagSeguro partnered with Vai na Web, a non-profit technology school that trains talent from social classes C, D, and E in advanced digital programming and socioemotional skills, giving them the skills and training they need to meet the challenges of the digital economy. As a first initiative in this partnership, PagBank PagSeguro received an extended squad with seven professionals trained at Vai na Web to work with the company's Tech team.

One hundred percent of the profit made when companies hire squads is invested by Vai na Web in providing free training to more youth and adults, strengthening the social and digital transformation cycle.

- **Launch of G10 Tech:** aiming to create opportunities that contribute to reducing social inequalities, the company launched G10 Tech, a technology hub in Favela Paraisópolis (low-income community), in the city of São Paulo, which is training 40 socially vulnerable young people. Through this partnership, PagSeguro's IT specialists and Vai na Web designed the training program according to PagSeguro PagBank's requirements. The company's IT employees are responsible for monitoring the training and teaching the classes. After completing the training, the company may invite the participants to apply for internal positions.

- **PagTalents internship program:** to contribute to equal opportunities, the 2022 internship program will allocate 50% of the 73 job positions to socioeconomically vulnerable students.
- **#ElaTech:** due to be launched in August 2022, the program to train women in technology was developed in partnership with Gama Academy. The initiative will train 50 women as junior developers. One hundred and twenty hours of content will be provided in a 6-week online learning path, completely free of charge, in Java programming language. In addition to the course, female students will be able to take part in selection processes to integrate PagBank PagSeguro's technology team.

[405-1]  
Percentage of individuals within the organization's governance bodies in each of the following diversity categories:

i. Gender	2019	2020	2021
Men	57.00%	57.00%	57.00%
Women	43.00%	43.00%	43.00%

II. Age group	2019	2020	2021
Over 60 years old	14.00%	14.00%	14.00%
From 50 to 59 years old	43.00%	43.00%	43.00%
From 40 to 49 years old	43.00%	43.00%	43.00%
From 30 to 39 years old	0.00%	0.00%	0.00%
From 20 to 29 years old	0.00%	0.00%	0.00%
Up to 19 years old	0.00%	0.00%	0.00%

III. Race	2019	2020	2021
Asian	14,00%	14,00%	14,00%
Caucasian	86,00%	86,00%	86,00%
Indigenous	0,00%	0,00%	0,00%
Not informed	0,00%	0,00%	0,00%
Black	0,00%	0,00%	0,00%
Brown	0,00%	0,00%	0,00%

Ratio of the basic salary and/or remuneration of women to men for each employee category.  
[405-2]

	2019	2020	2021
1. Director	96%	107%	100%
2. Manager	96%	97%	95%
3. Coord/Espec	95%	92%	92%
4. Supervisor	90%	101%	100%
5. Team	90%	90%	91%
6. Apprentice	100%	100%	100%

# Partner and Supplier Management

In 2022, the procurement area is taking further steps in determining PagBank PagSeguro's main suppliers. Using forms, the company initiated the first information gathering and monitoring phase. In a second phase, sustainability requirements will be established for all suppliers, including a deadline for them to make the necessary adjustments.

Reverse Logistics, for example, is a consolidated process within the company, but the challenge for the coming years is to refine the entire end-to-end procedure to include final destination and to effectively measure what materials are being generated (amount of plastic, electronic circuit boards, copper, etc. ). In 2022, all packaging of POS terminals will be made of biodegradable plastic.

Regarding the disposal or replacement of POS terminals, since 2019 shipping costs for returning the equipment have been borne by the company and a similar terminal is sent back, at no additional cost. Larger customers are offered express replacement and an in-house technician is assigned to perform the replacement more quickly and efficiently.

Supplier management is carried out by the Procurement area, which follows its own methodology for assessing and controlling risks, in addition to an approval process conducted once a year. Currently, more than 90% of PagBank PagSeguro's 498 centralized suppliers are based in Brazil, and nearly 40% of suppliers are classified in the Risk C category, the lowest risk category. [102-9, 102-43 102-204, 308-2, 414-2]

## Breakdown by Region

[204-1]

Domestic Suppliers: 452: 90.8%

Region:

- Southeast: 393 | 86.9%
- Southeast: 31 | 6.9%
- Northeast: 11 | 2.4%
- Midwest: 11 | 2.4%
- North: 6 | 1.3%



Note: Result based on orders issued in 2021

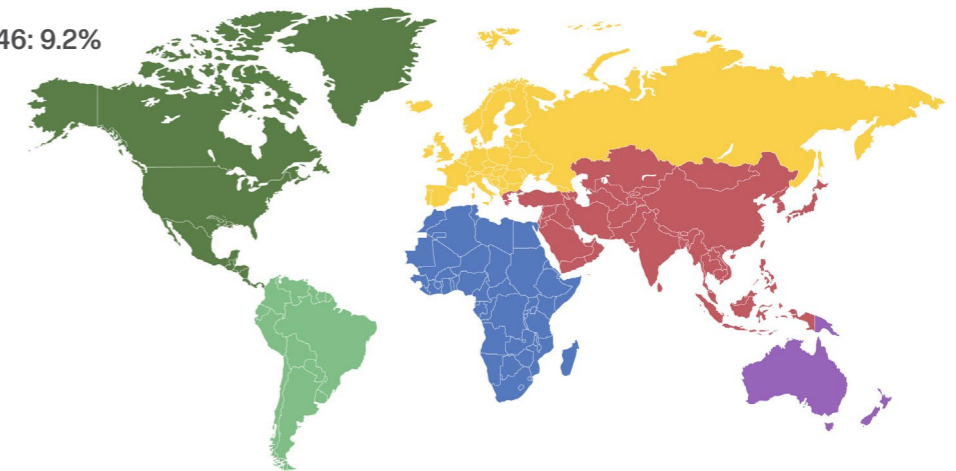
## Breakdown by Region

[204-1]

International Suppliers: 46: 9.2%

Country:

- United States: 43 | 8.6%
- England: 1 | 0.2%
- Portugal: 1 | 0.2%
- Australia: 1 | 0.2%



● Africa ● Asia ● Europe ● North America ● Oceania ● South America

Considering suppliers that are centralized in the Procurement area, approximately 99% of spending is concentrated on those based in Brazil to supply products and services to PagBank PagSeguro's operations. Procurement practices are governed by the Procurement Policy—guided by the Group's Codes of Ethics, Conduct and Compliance and by the Supplier Relationship Policy—which establish rules and criteria for acquiring goods and/or services in order to ensure standards of ethical conduct, efficiency and quality of the related processes and seek cost savings and alignment with the company's strategic objectives.[103-414]

The main procurement goals are to achieve the best terms (price, quality, and lead time), for the respective CAPEX (Investments) and OPEX (Services, expenses) negotiations, and involvement in renegotiating recurring contracts for various materials and services. The entire process is audited on a quarterly basis by Grupo UOL's Internal Controls and, when necessary, by the SOx PagBank PagSeguro's Audit Department. [103-204]

Procurement activities are managed by the Group's Procurement Department, which is composed of two areas for managing the Procurement, Contract, and Supplier processes. The team is divided into Direct and Indirect categories, according to the services, products, and customer service areas. The SAP system controls and reports on the process in conjunction with the SAP Ariba SLP systems for contracting and managing suppliers. In 2021, all of the 116 suppliers in group A were approved. These suppliers represent the highest risk and concentrate nearly 98% of PagBank PagSeguro's centralized expenses. [103-308, 308-1,103-414, 414-1]

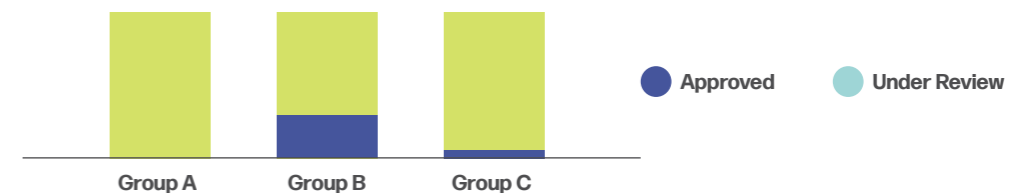
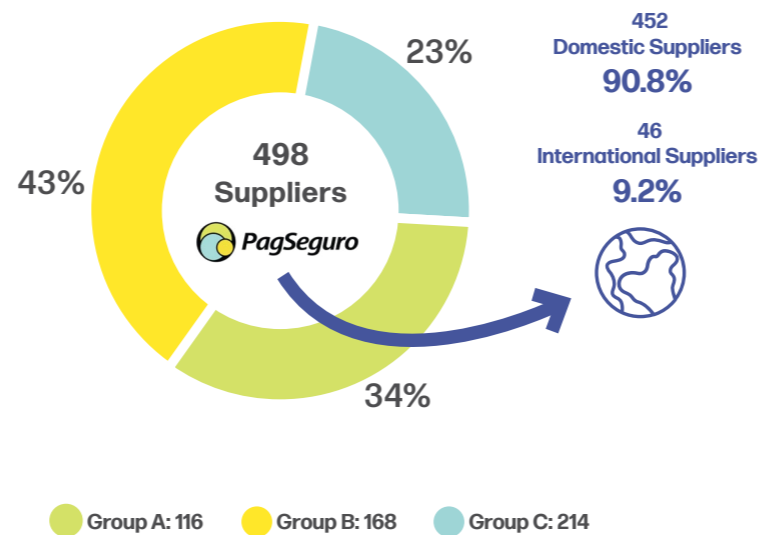
In 2021, the Procurement area provided quarterly training on Procurement Processes and Policies for PagBank PagSeguro's requesting and business areas. Training is a form of awareness and alignment, reinforcing the company's procurement governance model and practices when contracting suppliers, thus mitigating risks and avoiding deviations in the processes. [103-204]

As part of the annual supplier approval process, the Procurement area performs an environmental assessment of centralized

suppliers. The entire process is conducted by the Supplier Management team and Indicators of the Procurement Department. [103-308, 103-408, 103-409]

In 2021, there were no significant risks of cases of child labor and/or young workers exposed to hazardous work or forced or bonded labor during the approval process of centralized suppliers. [408-1, 409-1]

**Classificação por Grupos de Risco:**



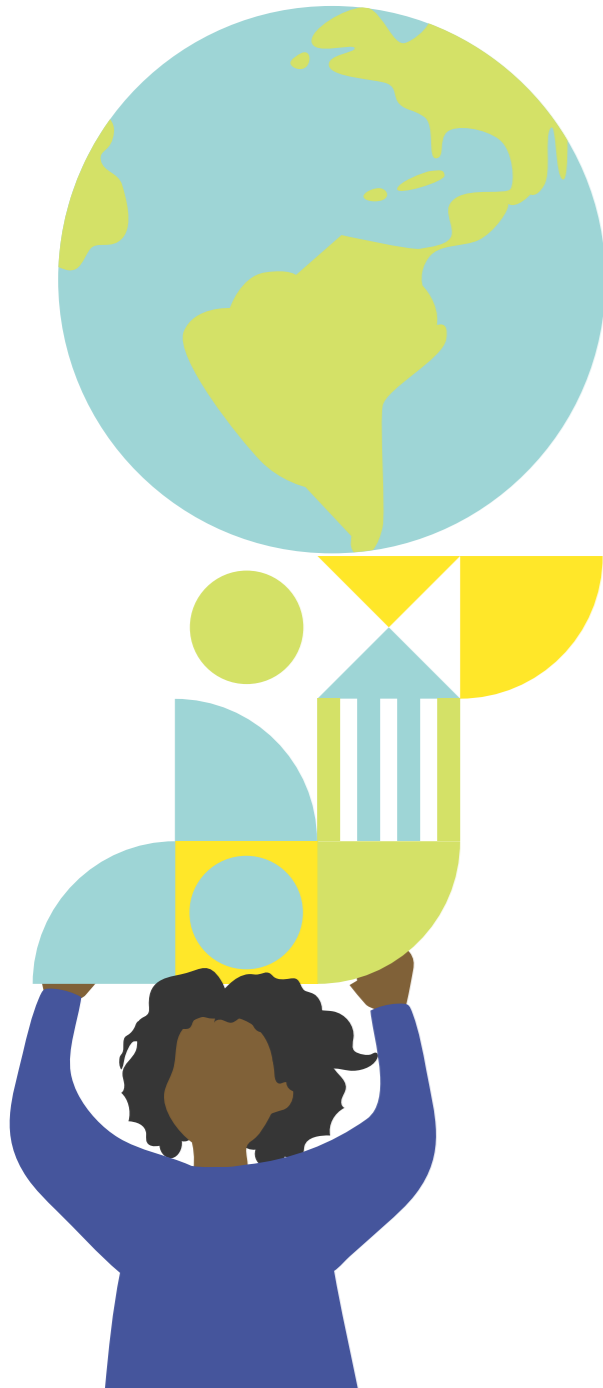
Group	A More than R\$ 1 mm	B Up to R\$ 1 mm	C Up to R\$ 50 k	Total
Suppliers	116	168	214	498
Spend	R\$ 2.0 B	R\$ 70 mm	R\$ 3 mm	R\$ 2.1 B
% Spend	96.6%	3.2%	0.2%	100%
Approved	116	51	5	172
Under Review	0	117	209	326





# 8. Natural Capital





## Climate Strategy

[103-305]

PagBank PagSeguro's Climate Strategy is based not only on the continuous identification and assessment of climate-related risks and opportunities, but also takes into consideration the financial impacts of climate change, which include natural disasters, floods, and environmental accidents. These events could cause material harm to business and operations and lead to temporary closure of operating facilities, which would impair operations and results.

Furthermore, there could be a significant reduction in net sales and interruption of operations if a natural disaster were to adversely affect the economy of Brazil or other locations where the company operates. With this in mind, the Risk Management area has a process in place to regularly analyze operational risks, which, based on a corporate policy, assesses potential risks and climate impacts. This assessment follows a methodology based on the definitions of the TCFD (Task Force on Climate-Related Financial Disclosures).

The company has a sustainability and climate program that is in line with the management guidelines for the sustainable development of its business, following the principles of ethics and transparency. Therefore, it seeks to work with partners and suppliers that have good social, environmental, climate, and ethical conduct and that encourage the adoption of good practices, repudiating any practices that are not in compliance with the law.

Among other objectives, the purpose of Climate Risk Management are is to minimize possible negative effects on approved operations and create opportunities to disseminate a culture of sustainability among customers. It is also responsible for measuring climate risk in current and potential customers, partners, and suppliers.

PagBank PagSeguro also conducts an emissions inventory, which was improved during 2021. Through the inventory, the company was able to outline specific strategies to address climate change and establish actions to reduce, mitigate, and offset emissions. Thus, the role of the ESG Committee, created in 2021, was fundamental in guiding and positioning PagBank PagSeguro in this matter.

As a first step, the company calculated and independently verified its Greenhouse Gas (GHG) inventories for 2019, 2020 and 2021 and conducted a climate risk assessment.

The purpose of the GHG inventory is to quantify the direct and indirect emissions of greenhouse gases from a given production process or company. It is divided into three scopes: Scope 1 (direct emissions), Scope 2 (indirect emissions related to consumption and acquisition of electricity), and Scope 3 (indirect emissions).

[305-1, 305-2, 305-3, 305-5]

	Emissions (tCO2e)		
	2019	2020	2021
<b>Scope 1</b>	111.999	174.708	307.255
<b>Scope 2</b>	468.658	191.800	470.146
<b>Scope 3</b>	2.193.921	3.331.706	4.447.055
<b>Total</b>	2.774.578	3.698.214	5.224.456
<b>Emission Intensity (per employee)</b>	1.08	0,80	0,77



Therefore, the company currently conducts a Greenhouse Gas Inventory of its activities, develops and analyzes external benchmarks against organizations in the same sector (total emissions, emissions per employee, carbon offset, climate risks and strategy) in order to guide its actions and the management and decision-making process.

These results were the basis for updating the Climate Strategy, which will guide efforts to assess its forecast of emissions in order to develop initiatives to reduce, mitigate and/or offset climate-related impacts. Aiming to become a carbon-neutral company, PagBank PagSeguro offset 100% of its Scope 1, Scope 2, and Scope 3 emissions for the years 2019, 2020, and 2021 by purchasing carbon credits from forestry (REED+) and biogas projects. The company is also looking for new ways to reduce and mitigate its climate impacts from year to year.

The inventories for the years 2019, 2020, and 2021 are available for consultation in the Public Registry tool of the [Brazil GHG Protocol Program](#), which gave the company the Gold Seal for the years 2020 and 2021. Also, for the first time PagBank PagSeguro answered the Carbon Disclosure Project (CDP) climate questionnaire, which is available to the public on the project's platform



The inventories for the years 2019, 2020, and 2021 are available for consultation in the public registry tool of the Brazilian program of the ghg protocol, which gave the company the gold seal for the years 2020 and 2021. Also, for the first time PagBank/PagSeguro answered the [Carbon Disclosure Project \(CDP\) Climate questionnaire](#), which is available to the public on the projects platform. [305-1, 305-2, 305-3, 305-5]



The company also administers a social, environmental, and climate questionnaire to its credit customers, which are prioritized by category. The purpose of the questionnaire is to identify possible social, environmental, and climate risks and opportunities. Regarding supplier contracting, there is an approval process, in the group of priority suppliers, which analyzes financial, labor, tax and social and environmental aspects.

In partnership with a specialized external consulting firm, every year the company analyzes the systems that control and record the data that feed the GHG inventory in order to continuously improve the quality and accuracy of the data and their collection, storage, and reporting processes. This analysis allows for the production of a report that is shared with the relevant internal areas in order to guide the implementation of improvements and good practices.

## Energy and Operations Efficiency



PagBank PagSeguro has an integrated system for monitoring energy consumption and CO<sub>2</sub> emissions, through which information is extracted via sensors installed in electrical panels and environments. The information is then compiled in a dashboard in real time. The data obtained makes it possible to have a detailed understanding of the behavior of each installation in a given period, making an efficient distribution of energy to various spaces.

The main objective of the Energy Control Dashboard project is to obtain data concerning on-site consumption and equipment performance in order to avoid possible deviations from the standard. The dashboard enables real-time analysis of the electrical quantities of the site and/or equipment being monitored and offers several indicators that assist in decision-making regarding electrical consumption and maintenance of sites and equipment. Concerning CO<sub>2</sub> measurement, the system offers real-time monitoring, enabling the extraction of reports by date, including reports of past periods.

PagBank PagSeguro has the following energy management tools [302-5]:

### Air-conditioning monitoring and control sensor

This is a smart sensor that sets the temperature according to the actual heat load of the space and regulates the equipment's set point for proper cooling.

### Power monitoring sensor

This sensor monitors the electricity consumption parameters of a given space, providing real-time information and comparisons between periods. This makes it possible to monitor the behavior of the installations to identify possible deviations and consumers of energy.

### Sensor for monitoring CO<sub>2</sub> emissions

This sensor monitors the amount of CO<sub>2</sub> emissions in real time. The aim is to monitor the amount of emissions and, if possible, reduce the volume.

PagBank PagSeguro is currently using the LED lighting system in rented buildings. It is also introducing a water reuse process and conducting a study on the use of photovoltaic energy from the free energy market in all its facilities. In order to comply with best market standards, in recent years the company has implemented waste sorting in its offices.

Despite not having specific goals or a policy that regulates the topic of energy, the company participates in the free energy market and has purchased energy until December 2023. In addition, the company has established that when consumption is lower than the energy purchased, it will sell the surplus in the free energy market. [103-302]

# Environmental Management

## Environmental Indicators

PagBank PagSeguro has internal measures in place for treating waste and saving water and energy, aiming at the efficient use of natural resources.

In 2021, the main initiatives were:

[103-302, 103-303]

1. LED lighting in the offices.
2. Waste sorting in the company's offices.
3. Waste disposal with sorting of materials for recycling.
4. Push taps with timer in the sinks.
5. Rounds to turn off the lights in places where they are not in use (daily rounds at 8:00 p.m.).
6. Energy saving in VRV air conditioning system.

With more employees working from home, in 2021 there was a 1% reduction in water consumption and a 3% increase in energy consumption per employee compared with the previous year. The calculation values did not vary much due to an increase in the number of employees during the year, which possibly generated higher energy consumption. Another factor was an increase in the cost of energy in the market. [302-1, 303-3, 303-4, 303-5]

The volume of waste generated was 1% less than in 2020 because of fewer people in the administrative centers due to the home-office format.

Other actions to reduce environmental impacts were planned for 2021 and 2022, including:

- Close-coupled toilets were adapted to the DUO flush system, dosing water flows to 3 liters for liquid waste and 6 liters for solid waste
- 2,924 sqm expansion of office space, with the implementation of these same devices in the bathrooms and kitchens (timer taps, close-coupled toilets, etc.).

Today, the company does not have an internal policy for Water and Effluents; however, processes and indicators are in place to monitor water consumption on a monthly basis. [103-303]

Regarding Waste, the company does not cause any significant impacts because it has waste sorting in its offices (only urban solid waste). A specialized company collects and properly disposes of the waste and provides a monthly certificate that attests to its destination. In 2022, a masonry trash bin was installed in the main office for sorting organic and recyclable waste, providing greater assertiveness in sorting and final destination. [103-306, 306-3, 306-4]

Despite not having a specific policy or a team responsible for the topic of Waste, the company has a monthly indicator to determine the costs and weight of the waste. This indicator shows the volume of waste produced and recycled each month, including a disposal certification issued by Amlurb. [103-306]

PagBank PagSeguro also has totems in its offices for disposal of batteries, as shown in the following table:

Point Installed	Address	Number Of Receiving Points
Headquarters - Faria Lima	Av. Faria Lima, 1384	2
Mario Garnero	Av. Faria Lima, 1584	6
Pedra Grande	Av. Faria Lima, 1306	2
Barão de Limeira 458	Av. Barão de Limeira, 458	1
Barão de Limeira 425	Av. Barão de Limeira, 425	4
<b>Total Number Of Points</b>		<b>15</b>





# 9. Social And Relationship Capital





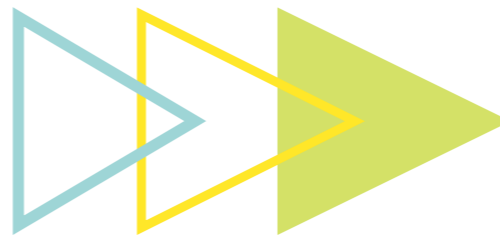
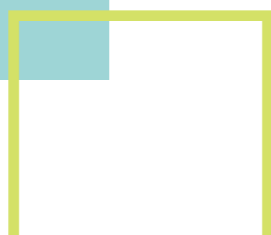
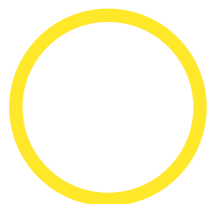
## Customer Relations

PagBank PagSeguro views the positive social impacts generated by its activities as a key topic in its strategic planning in order to ensure more and more sustainability to the business. Based on incentives to financial inclusion and entrepreneurship for the low-income population and minorities, the company enables transactions of products and services for millions of small, nano, and micro entrepreneurs across the country and in various sectors of the economy.

In 2021, the volume of transactions exceeded R\$456 billion. Around R\$252 billion of these payments was made in person and online via cards, bank slips (*boletos*), Pix, QR codes and vouchers, transacted by micro and small entrepreneurs, retailers, self-employed professionals, and other categories. Transactions through the PagBank app, such as Pix, electronic transfers, PagBank cards, bill payments, tax payments, and top-ups for various products totaled more than R\$204 billion.

More than 7 million PagBank PagSeguro customers are small and micro enterprises, individual entrepreneurs, and self-employed professionals served by our digital channels. In the last two years, the company has structured and developed the sales and service channel of the Hubs, which are commercial centers that geographically cover almost 90% of the distribution of the Brazilian GDP. This led PagBank PagSeguro, in addition to serving Brazilian microentrepreneurs, to expand its scope of operations to also serve small- and medium-sized enterprises (a market that, until then, had been underserved by large financial and acquiring institutions). In 2021, this channel was responsible for approximately 20% of the volume of payments processed by the company.

In recent years, the company has also increased its presence throughout the country. Since 2020, PagBank PagSeguro has been operating in 100% of the country's municipalities, with active customers in the more than 5,500 Brazilian municipalities. [102-4]





Besides facilitating the inclusion of thousands of people in the financial and banking system, PagBank PagSeguro also operates in the loan sector. In 2021, the results of this area exceeded R\$1.9 billion with different lines of credit and instant settlement that contribute to the working capital of many entrepreneurs.

Between 2018 and 2021 the customer base with access to banking and financial services increased via PagBank PagSeguro's business model, whose pillars are digitalization and low cost. More than 1 million new impact customers were added to the company's base in the period.

The company promotes several engagement actions for its 21.9 million customers - 13.1 million of which are active customers. Communication with this audience includes a number of options for engagement, according to their life cycle, covering all of the company's product verticals and focusing on providing customers with a better experience with products and services. Customer engagement is regularly measured in order to increasingly improve the process to manage and communicate with this base.

[102-43]

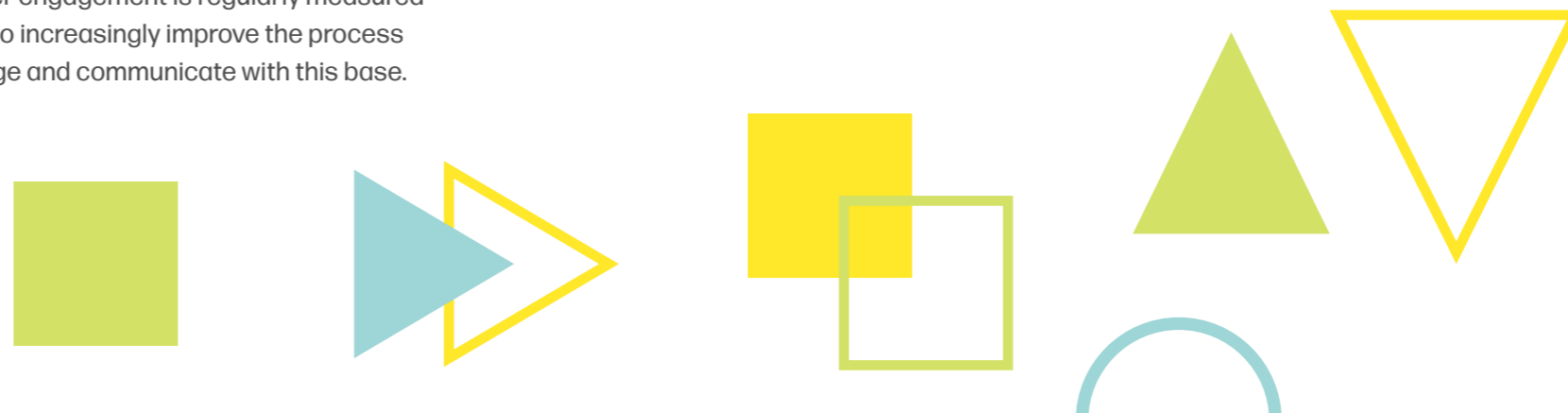
Regarding customer relations, PagBank PagSeguro has several channels available: telephone, email, chat, and WhatsApp, in addition to information provided through FAQs, both in the apps and on the computer.

Customer satisfaction is measured by the company on a regular basis in order to improve quality indicators. This has resulted in positive scores on the ReclameAqui website in recent years: 2019 (score 7.6), 2020 (score 7.7), 2021 (score 7.9), and 2022 (score 8.2).

Regarding customer service satisfaction surveys, the main topics are satisfaction with services and products and actions for customer retention. Currently, the company does not disclose the results of the surveys externally. Customer satisfaction is also measured through the NPS survey, which, like other surveys, provides inputs and insights to assist in the company's strategic actions and decisions.

Quantitative surveys are also used to improve customer engagement. In 2021, a total of 39 surveys were conducted, including 10 recurring surveys (4 for products and services in the digital account and 6 for products and services in the acquiring business) and 29 one-off surveys (17 for products and services in the digital account and 12 for products and services in the acquiring business). These surveys allowed us to find key points for improving the customer journey and services, as well as to identify drivers of churn (a metric that monitors losses) of the company's products and services.

In 2021, the company held an event called PAGES Day, a unique opportunity to meet with investors and present all of PagBank PagSeguro's initiatives, news, and highlights. Some of the topics discussed at the event included financial results, financial inclusion, risk management, information security, products and services, ESG, among others.





# Community Investment

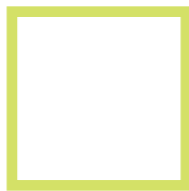
[103-203, 203-1, 203-2, 103-413]



Aware of its role in social transformation, every year PagBank PagSeguro carries out a number of actions to support projects in communities, especially through tax incentive laws, such as the Rouanet Act. These initiatives have been expanded in recent years given the increasing socioeconomic difficulties in Brazil resulting from the pandemic.

The main goal of the social investment area is to allocate the entire tax incentive budget to entities that foster health and education and contribute to improving the living conditions of vulnerable populations.

In 2021, for example, the company made significant donations to non-profit entities, including to its partnership with Vai na Web project, which trains young people in vulnerable situations in low-income communities to develop skills in the area of technology. The project was also implemented in the low-income community of Paraisópolis, São Paulo, providing specific training for young people to work in the company's Technology area.



For the millions of micro and small business customers who faced difficulties during the pandemic, PagSeguro PagBank promoted several support actions, such as:

- 0% rate for sales using QR Code
- sales incentive with payment link for customers who did not sell online
- 10% discount (cashback) for purchases in the main pharmacy chains in the country

PagBank PagSeguro, individually or together with Grupo UOL, has a wide range of projects that are in line with its Social Responsibility purposes, both to help people and communities in vulnerable situations and to carry out affirmative actions aimed at increasing the diversity (gender, race, etc.) of the company's teams. [413-1, 413-2]

The actions are developed by Grupo UOL's corporate executive board (based on pre-defined criteria) and jointly discussed and approved with PagBank PagSeguro's executive board. The effectiveness of the actions can be identified through the positive reactions of the employees toward the projects disclosed.

These company initiatives generate positive impacts for people and entities benefited, including donations of food or other basic needs and investments in projects (in the areas of health, education, inclusion, sports, culture, etc.), aimed at improving the quality of life of socially vulnerable people. In addition, these actions engage the teams, who become directly involved in the development and implementation of the projects.



PagBank PagSeguro's activities in the communities are divided into three areas (with their respective commitments and targets):

- **Investments linked to tax incentive laws:** the Marketing area seeks out entities with projects approved at the federal, state and municipal levels, and selects those most in line with the company's philosophy, based on the monetary value available for investment. The investments are approved by Grupo UOL's corporate executive board together with PagSeguro's executive board. The entities selected are those that foster health and education and contribute to improving the living conditions of socially vulnerable populations. The target is met in full every year.
- **Affirmative actions:** these are proposed by Grupo UOL's HR Department and approved by Grupo UOL's corporate executive board and by PagSeguro's executive board. Based on the company's people budget, the HR Department proposes affirmative targets to promote diversity and social inclusion. The target is met in full every year.

- **Donations:** the entities receiving the donations are selected from the list of participants of the Empreendedor Social (Social Entrepreneur) Award, an initiative of the Folha de Sao Paulo newspaper. The entities selected are approved by Grupo UOL's corporate executive board and by PagSeguro's executive board. The budget can be defined on an emergency basis, according to the circumstances at the time, as occurred during the different phases of the COVID-19 pandemic.

In 2021, PagBank PagSeguro supported the projects listed below, with investments made through Tax Incentive Laws:

**Rouanet/Ancine: R\$ 2,125 million**

**FUMCAD: R\$ 531,000**

**Sporte: R\$ 531,000**

**Elderly: R\$ 531,000**

**PRONON: R\$ 531,000**

**PRONAS: R\$ 531,000**

- **PTI (FUMCAD Act - Child and Adolescent Fund):** social technology for the inclusion of physical activities in schools, such as exercises, in an effective and sustainable manner, tracking the children's development. In all, 600 fourth-grade students from public schools were benefited.
- **Associação Viva e Deixe Viver (Culture Incentive Act):** promotes literature for children and adolescents and the art of storytelling in public and private hospitals. The educational activities help hospitalized babies, children, and adolescents and provide support to family members and medical teams. With 1,282 volunteers, the actions promoted by Viva e Deixe Viver have impacted nearly 240,000 people in six Brazilian states.
- **Angelina Caron Hospital (Elderly Act):** the focus is on quality care and quality of life, reducing the gap between the public and private healthcare system to optimize inpatient care by controlling and ensuring the efficiency of processes that are not commonly found in the Unified Health System. This makes it possible to provide quality care to needy patients and offer them a better quality of life. More than 400,000 patients are assisted per year.
- **Angelina Caron Hospital (FUMCAD Act - Child and Adolescent Fund):** provides pediatric treatment in a playful and welcoming environment, with equipment and spaces designed for comfort, convenience, and full recovery. These changes allow even more high complexity surgeries to be performed and help meet the demand of the public healthcare system. More than 126,000 children are cared for each year.
- **Instituto Rugby Para Todos (Sports Incentive Act):** the idea is to teach Rugby, its fundamentals and rules, and hold regular weekly classes in order to develop understanding and physical aptitude in the game, as well as individual and social skills among the students, creating a space for transdisciplinary work using an exclusive methodology. The project is run by a team of employees from the areas of social work, psychology, physiotherapy, teaching, physical education, and nutrition who assist 200 children and adolescents from public schools between the ages of 7 and 18 (primarily) and/or in highly vulnerable social situations.

- **APRAESPI (PRONAS Act):** the Association for Prevention, Specialized Care and Inclusion of People with Disabilities of Ribeirão Pires (SP) contributes to reducing the incidence of disability and assists people with existing disabilities, including them in society through training and rehabilitation programs. Its main goal is to provide and develop, with technical excellence and ethics, services and procedures in the areas of Education, Health and Social Work, focused on users' needs. With specific equipment for audiological evaluation and an increase in human resources, including an increase in dispensing of ISADs (Individual Sound Amplification Device), around 1,150 people are currently being assisted.
- **CNPEM (PRONON Act):** the platform for therapeutic tests specializing in breast tumors aims at innovation and better understanding of the disease, as well as the search for new forms of treatment for the Brazilian population. Other objectives: creation of a tumor database, generation of a BioBank of tumors, development of a platform for the evaluation

of compounds in organoids and testing of chemotherapeutic agents, analysis of paired tumors through omics and bioimaging. More than 2,000 women are currently being assisted.

To ease the difficulties of the most vulnerable and hungry population, since the beginning of the COVID-19 pandemic PagBank PagSeguro, together with Grupo UOL, has been donating food and other products.

In 2021, the following items were donated through institutions: 50,000 food baskets (rice, beans, noodles, tomato puree, coffee, sweets, among others); 6,000 Christmas kits (frozen meats); and Easter eggs for families experiencing food insecurity in different regions of the country (Paraná, Piauí, São Paulo, Sergipe, Rio de Janeiro, Rio Grande do Norte, and the Federal District).

Other partner initiatives:

**Ação da Cidadania:** founded almost 30 years ago by sociologist Betinho, it is a reference in the fight against hunger.

**Gastromotiva:** provides professional and community training in gastronomy. During the pandemic, it mobilized its network of professionals to prepare and distribute lunchboxes.

**Família Apóia Família (Family Supports Family) Project:** platform that connects those who can help with NGOs that need support to bring basic supplies to needy families.

**Paraisópolis Residents' Association:** provides ongoing support for the more than 100,000 residents of the second largest slum in São Paulo and 10 other low-income communities in Brazil through G10 Favelas.

**Volunteer Program:** as in the Storyteller Training Course offered by the Viva e Deixe Viver project, the Volunteer Program encourages volunteers - based on human values such as empathy, ethics, affection, and solidarity - to better manage their time by having playful experiences and discussions about mourning and how to deal with loss. The work is carried out not only in institutions, but also in hospitals.

Through projects dedicated to Assertive Care, Innovation, Dissemination of Knowledge, and Technology, the company also supports projects focused on health, education, and development of children, youth, and adults, which prioritize quality of care and quality of life.

# Financial literacy and inclusion

[103-203, 203-2]

Financial literacy is a key topic within PagBank PagSeguro, since that's how the company directly and positively impacts all of its customers. The company is continuously working to offer more learning opportunities in this area, providing benefits to the entire Brazilian society.

Aiming to democratize access to financial services and teach Brazilians to save and invest, the company provides financial literacy to people aged between 20 and 40, people who are probably the family's potential financial providers (classes C and D).

In 2021, the company developed several actions aimed at financial literacy, including blog posts, training, and free courses. Below are the main numbers for the year:

**Blog** - 101 texts posted and 211,000 new users.

**UOL Economia** - 25 texts posted (average of 2 texts per month).

**Internal training** - 27 training courses and 2,500 participants.

**Saúde do Bolso** - 3 editions and 10,000 employees per edition (addressing topics on financial literacy and investments for Grupo UOL employees).

**Affiliates** - 3 livestreams on YouTube and more than 10,000 views, in addition to 4 videos on YouTube and more than 11,000 views.

**Free courses for customers via the app** - gamified methodology that addresses financial literacy and investments, in partnership with the Brazilian Stock Exchange.

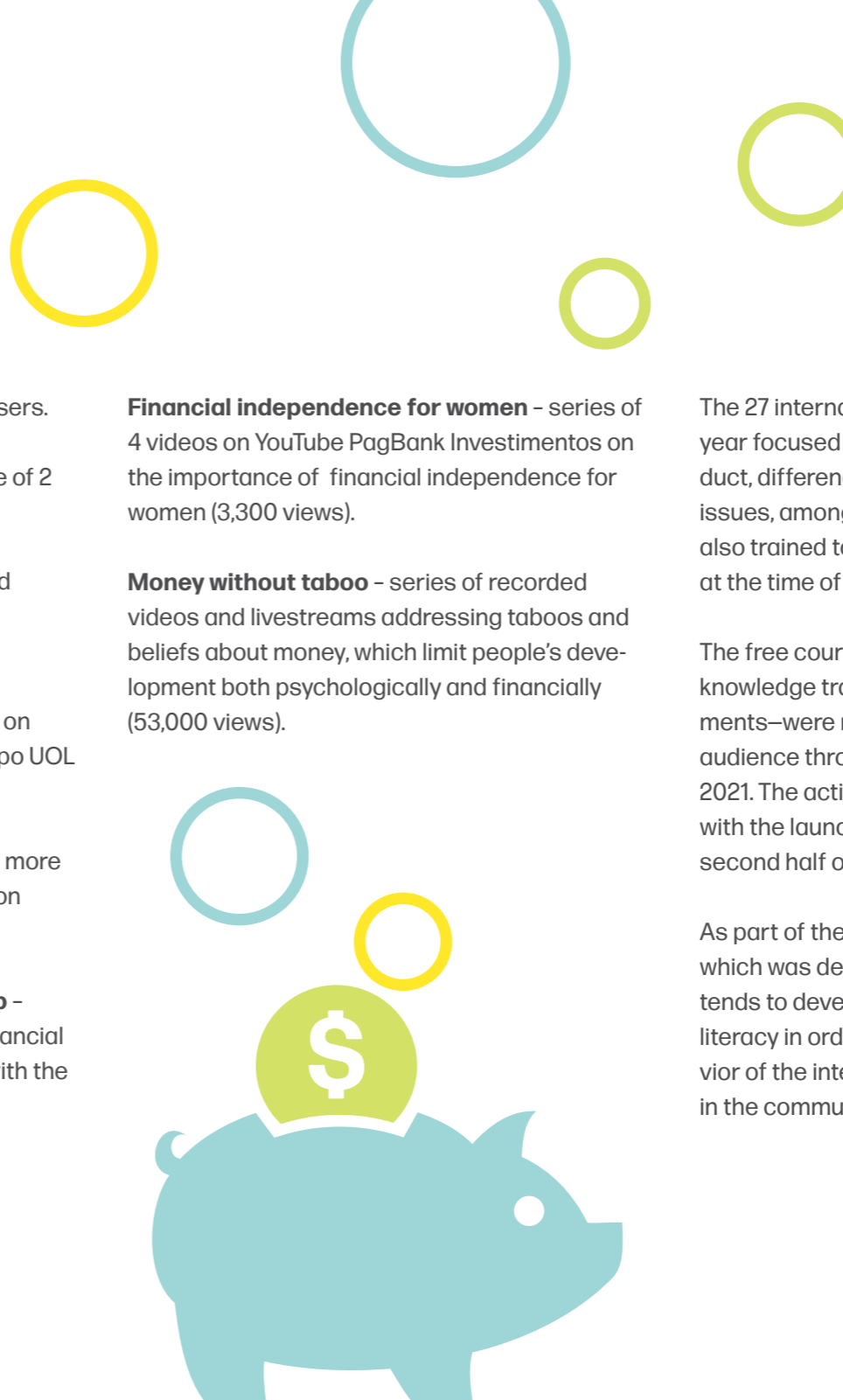
**Financial independence for women** - series of 4 videos on YouTube PagBank Investimentos on the importance of financial independence for women (3,300 views).

**Money without taboo** - series of recorded videos and livestreams addressing taboos and beliefs about money, which limit people's development both psychologically and financially (53,000 views).

The 27 internal training courses held during the year focused on investments, investment product, differences between products, regulatory issues, among other aspects. Employees were also trained to become multipliers of knowledge at the time of sale.

The free courses, which are based on two knowledge tracks—financial literacy and investments—were made available to the external audience through a public notice awarded in 2021. The activities will be developed in 2022 with the launch of in-app courses starting in the second half of the year.

As part of the PagTalents Internship Program, which was developed by HR, the company intends to develop a specific module on financial literacy in order to transform the financial behavior of the interns and turn them into multipliers in the community where they live.



# Global Reporting Initiative (GRI) Content Index

[102-55]

GRI Content Index	Disclosute	Page/ Comments
<b>ORGANIZATIONAL PROFILE</b>		
<b>GRI 102: General Disclosures 2016</b>	102-1 Name of the organization	7
	102-2 Activities, brands, products, and services	10
	102-3 Location of headquarters	82
	102-4 Location of operations	71
	102-5 Ownership and legal form	7 and 10   PagBank PagSeguro is a private company, which operates in the Brazilian market since 2006 and has been listed on the New York Stock Exchange (NYSE) since January 2018.
	102-6 Markets served	7, 10
	102-7 Scale of the organization	7
	102-8 Information on employees and other workers	54
	102-9 Supply chain	30, 63
	102-10 Significant changes to the organization and its supply chain	No significant changes.
	102-11 Precautionary Principle or approach	30
	102-12 External initiatives	3
	102-13 Membership of associations	7
<b>STRATEGY</b>		
<b>GRI 102: General Disclosures 2016</b>	102-14 Statement from senior decision-maker	3
	102-15 Key impacts, risks, and opportunities	29, 30
<b>ETHICS AND INTEGRITY</b>		
<b>GRI 102: General Disclosures 2016</b>	102-16 Values, principles, standards, and norms of behavior	33
	102-17 Mechanisms for advice and concerns about ethics	33

GRI Content Index	Disclosute	Page/ Comments
<b>GOVERNANCE 18</b>		
<b>GRI 102: General Disclosures 2016</b>	102-18 Governance structure	23
	102-19 Delegating authority	23
	102-20 Executive-level responsibility for economic, environmental, and social topics	25
	102-22 Composition of the highest governance body and its committees	23, 26
	102-23 Chair of the highest governance body	23
	102-24 Nominating and selecting the highest governance body	24
	102-25 Conflicts of interest	33, 34
	102-26 Role of highest governance body in setting purpose, values, and strategy	33, 34
	102-27 Collective knowledge of highest governance body	23
	102-28 Evaluating the highest governance body's performance	27
	102-32 Highest governance body's role in sustainability reporting	15
	102-33 Communicating critical concerns	24
	102-34 Nature and total number of critical concerns	33, 34
	102-35 Remuneration policies	51
	102-36 Process for determining remuneration	47, 51

GRI Content Index	Disclosute	Page/ Comments
<b>STAKEHOLDER ENGAGEMENT</b>		
<b>GRI 102: General Disclosures 2016</b>	102-40 List of stakeholder groups	17
	102-41 Collective bargaining agreements	100% of PagBank PagSeguro's employees are covered by collective bargaining agreements.
	102-42 Identifying and selecting stakeholders	17
	102-43 Approach to stakeholder engagement	17, 63, 72
	102-44 Key topics and concerns raised	17
<b>REPORTING PRACTICE</b>		
<b>GRI 102: General Disclosures 2016</b>	102-45 Entities included in the consolidated financial statements	7
	102-46 Defining report content and topic Boundaries	17
	102-47 List of material topics	17
	102-48 Restatements of information	56
	102-49 Changes in reporting	No significant changes.
	102-50 Reporting period	January 1 to December 31, 2021
	102-51 Date of most recent report	2021
	102-52 Reporting cycle	Annual
	102-53 Contact point for questions regarding the report	82
	102-54 Claims of reporting in accordance with the GRI Standards	15
	102-55 GRI content index	77, 78, 79, 80, 81
	102-56 External assurance	There was no external assurance of the report
<b>ECONOMIC PERFORMANCE</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	17
	103-2 The management approach and its components	37
	103-3 Evaluation of the management approach	37
<b>GRI 201: Economic Performance 2016</b>	201-1 Direct economic value generated and distributed	38
	201-2 Financial implications and other risks and opportunities due to climate change	30

GRI Content Index	Disclosute	Page/ Comments
<b>INDIRECT ECONOMIC IMPACTS</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	17
	103-2 The management approach and its components	73, 76
	103-3 Evaluation of the management approach	73, 76
<b>GRI 203: Indirect Economic Impacts 2016</b>	203-1 Infrastructure investments and services supported	73
	203-2 Significant indirect economic impacts	73, 76
<b>PROCUREMENT PRACTICES</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	17
	103-2 The management approach and its components	64
	103-3 Evaluation of the management approach	63, 64
<b>GRI 204: Procurement Practices 2016</b>	204-1 Proportion of spending on local suppliers	31, 63
<b>ANTI-CORRUPTION</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	17
	103-2 The management approach and its components	33
	103-3 Evaluation of the management approach	33
<b>GRI 205: Anti-corruption 2016</b>	205-1 Operations assessed for risks related to corruption	33
	205-2 Communication and training about anti-corruption policies and procedures	35
<b>ANTI-COMPETITIVE BEHAVIOR</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	17
	103-2 The management approach and its components	"This topic is governed by the Code of Compliance and Competition Legislation. It also has a regulatory area specializing in antitrust, with the possibility of internal and external audits."
	103-3 Evaluation of the management approach	
<b>GRI 206: Anti-competitive Behavior 2016</b>	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	The company has no legal actions pending or completed during the reporting period regarding anti-competitive behavior and violations of antitrust and monopoly legislation.

GRI Content Index	Disclosute	Page/ Comments
<b>ENERGY</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	17
	103-2 The management approach and its components	68, 69
	103-3 Evaluation of the management approach	68, 69
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organization	69
	302-3 Energy intensity	69
	302-4 Reduction of energy consumption	69
	302-5 Reductions in energy requirements of products and services	68
<b>WATER AND EFFLUENTS</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	17
	103-2 The management approach and its components	69
	103-3 Evaluation of the management approach	There is no audit in place. The company does not have a dedicated team nor resources or investments in the area of Water
<b>GRI 303: Water and Effluents 2018</b>	303-5 Water consumption	69
<b>EMISSÕES</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	17
	103-2 The management approach and its components	66
	103-3 Evaluation of the management approach	66
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	66, 67
	305-2 Energy indirect (Scope 2) GHG emissions	66, 67
	305-3 Other indirect (Scope 3) GHG emissions	66, 67
	305-5 Reduction of GHG emissions	66, 67

GRI Content Index	Disclosute	Page/ Comments
<b>WASTE</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	17
	103-2 The management approach and its components	69
	103-3 Evaluation of the management approach	69
<b>GRI 306: Waste 2020</b>	306-3 Waste generated	69
	306-4 Waste diverted from disposal	69
<b>SUPPLIER ENVIRONMENTAL ASSESSMENT</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	17
	103-2 The management approach and its components	64
	103-3 Evaluation of the management approach	64
<b>GRI 308: Supplier Environmental Assessment 2016</b>	308-1 New suppliers that were screened using environmental criteria	64
	308-2 Negative environmental impacts in the supply chain and actions taken	64
<b>EMPLOYMENT</b>		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	17
	103-2 The management approach and its components	50
	103-3 Evaluation of the management approach	50
<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee turnover	55, 56
	401-2 Benefits provided to full-time employee that are not provided to temporary or part-time employees	57
	401-3 Parental leave	57

GRI Content Index	Disclosute	Page/ Comments
OCCUPATIONAL HEALTH AND SAFETY		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	17
	103-2 The management approach and its components	58
	103-3 Evaluation of the management approach	58
<b>GRI 403: Occupational Health and Safety 2018</b>	403-6 Promotion of worker health	58
TRAINING AND EDUCATION		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	17
	103-2 The management approach and its components	58
	103-3 Evaluation of the management approach	58
<b>GRI 404: Training and Education 2016</b>	404-1 Average hours of training per year per employee	59
	404-2 Programs for upgrading employee skills and transition assistance programs	51
	404-3 Percentage of employees receiving regular performance and career development reviews	58, 60
DIVERSITY AND EQUAL OPPORTUNITY		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	17
	103-2 The management approach and its components	61
	103-3 Evaluation of the management approach	61
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	54, 62
	405-2 Ratio of basic salary and remuneration of women to men	62

GRI Content Index	Disclosute	Page/ Comments
CHILD LABOR		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	17
	103-2 The management approach and its components	64
	103-3 Evaluation of the management approach	64
<b>GRI 408: Child Labor 2016</b>	408-1 Operations and suppliers at significant risk for incidents of child labor	30, 64
FORCED OR COMPULSORY LABOR		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	17
	103-2 The management approach and its components	64
	103-3 Evaluation of the management approach	64
<b>GRI 409: Forced or Compulsory Labor 2016</b>	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	30, 64
LOCAL COMMUNITIE		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	17
	103-2 The management approach and its components	73
	103-3 Evaluation of the management approach	73
<b>GRI 413: Local Communities 2016</b>	413-1 Operations with local community engagement, impact assessments, and development programs	30, 64
SUPPLIER SOCIAL ASSESSMENT		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	17
	103-2 The management approach and its components	73
	103-3 Evaluation of the management approach	73
<b>GRI 414: Supplier Social Assessment 2016</b>	414-1 New suppliers that were screened using social criteria	61, 73
	414-2 Negative social impacts in the supply chain and actionst	73



GRI Content Index	Disclosute	Page/ Comments
PUBLIC POLICY		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	17
	103-2 The management approach and its components	As per internal policy (the controlling shareholder, Grupo UOL, also has a media unit committed to nonpartisanship), the company does not contribute to political parties, candidates or political institutions, nor does it have lobbying offices or contact with the Legislative and Executive branches. When the company needs to contact authorities, it does so directly or through a trade association, either through the regulatory agency, the Central Bank of Brazil, or with ANBIMA, CVM or other self-regulators (for example, BSM). The company contributes to ABRANET, ABBC, ABECs, and ANBIMA. For political contributions among third parties using PagBank PagSeguros services, public rules and policies concerning PEPs (Politically Exposed Persons), anti-corruption policies, etc. apply.
	103-3 Evaluation of the management approach	
<b>GRI 415: Public Policy 2016</b>	415-1 Political contributions	No political contributions.
MARKETING AND LABELING		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	17
	103-2 The management approach and its components	10, 11
	103-3 Evaluation of the management approach	10, 11
<b>GRI 417: Marketing and Labeling 2016</b>	417-1 Requirements for product and service information and labeling	11
	417-3 Incidents of non-compliance concerning marketing communications	No significant changes.

GRI Content Index	Disclosute	Page/ Comments
CUSTOMER PRIVACY		
<b>GRI 103: Management Approach 2016</b>	103-1 Explanation of the material topic and its Boundary	17
	103-2 The management approach and its components	42
	103-3 Evaluation of the management approach	42
<b>GRI 418: Customer Privacy 2016</b>		44
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	"Number of users whose information is used for secondary purposes: The company's Privacy Policy ( <a href="http://www.grupouol.com.br/politica-privacidade">http://www.grupouol.com.br/politica-privacidade</a> ) describes the purposes for which the company uses user data and information.  Total amount of monetary losses as a result of lawsuits associated with user privacy (2019, 2020, and 2021): There was no monetary loss as a result of lawsuits associated with user privacy.  Number of law enforcement requests for customer information (2019, 2020, and 2021): Considering PagSeguro Internet Instituição de Pagamento S.A. alone, the following numbers of requests for registration data were made by the civil, labor, and criminal spheres:  - 2019: 1175 requests (470 administrative and 696 judicial)  - 2020: 3867 requests (1420 administrative and 2447 judicial)  - 2021 7717 requests (4350 administrative and 3367 judicial)"

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www.pexels.com, pages: 1, 15, 73  
 www.freepik.com, pages: 14, 22, 36, 41, 49, 56, 59, 65, 67, 68 e 73.  
 www.pxhere.com, pages: 24 e 51



# Corporate Information

## Headquarters [102-3]

Conyers Trust Company (Cayman Limited,  
Cricket Square, Hutchins Drive, P.O. Box 2681,  
Grand Cayman, Y1-1111, Cayman Islands

For more information about the contents of  
this report, visit the website or contact us by  
email: [102-53]

 [pageseguro.com.br](http://pageseguro.com.br)

 [ir@pageseguro.com](mailto:ir@pageseguro.com)

## Credits

This second Sustainability Report is the  
result of the effort of the entire PagBank  
PagSeguro team.

We thank each and everyone for their  
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